



Hlabisa
Municipality



Annual Report | 2010-2011



HLABISA MUNICIPALITY

ANNUAL REPORT

2010/2011



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LIST OF ABBREVIATIONS

Abbreviation	Description
IDP	Integrated Development Plan
PLWHA	People Living With HIV/AIDS
CPMD	Certificate Programme in Management Development for Municipal Finance
LGSETA	Local Government Sector Education and Training Authority
WSP	Workplace Skills Plan
OPMS	Organisational Performance Management Systems
DCoGTA	Department of Cooperative Governance and Traditional Affairs
CIP	Comprehensive Infrastructure Plan
MIIP	Municipal Infrastructure Investment Plan
DoT	Department of Transport
SLA	Service Level Agreement
MOU	Memorandum of Understanding
SMME	Small, Medium and Micro Enterprise
LED	Local Economic Development
DLTC	Driving Licence Testing Centre
DBSA	Development Bank of Southern Africa



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1.1 FOREWORD BY HIS WORSHIP THE MAYOR

It is with great honour to present the 2010/2011 Annual Report for Hlabisa Municipality which highlights the Municipality's significance stride towards a better life for all communities in Hlabisa.

The President of the Republic of South Africa, in his last State of the Nation Address declared that, "The year 2010/2011 shall be the year of action. The defining feature of this administration will be that it knows where people live, understands their needs and responds faster. Government must work faster, harder and smarter. We are building a performance-oriented state by improving planning as well as performance monitoring and evaluation".

Being one of the smallest Municipalities in the Province and largely dependent on Government grants for survival, we have tried to contribute towards the achievement of the five (5) National Key Performance Areas; i.e. is Basic Service Delivery and Infrastructure Development, Social & Local Economic Development, Institutional Development and Transformation, Good Governance & Public Participation and Financial Management and Viability.

The Municipality has been able to finalize its Comprehensive Infrastructure Plan (CIP), as well as the Municipal Infrastructure Investment Plan (MIIP), to ensure that infrastructure development remains the center stage of our economy and responsive to achieving economic growth, sustainable livelihoods and meets the basic needs of our people. Further to that, we have entered into a partnership with the Zululand District Municipality, Umkhanyakude District Municipality and Umhlathuze Water for the implementation of the Mandlakazi Water Scheme in our pursuit to provide water to our communities.

The provision of electricity has been a daunting task up to a point where we requested the intervention of the Department of Energy and we have since signed an agreement on the roll-out of funding worth R 65 million rand for electrification projects over a period of three years (2010–2013). We have been able to secure funding amounting to 27 million rand for the Hlabisa electricity sub-station. Even though the Sub-station is not yet operational, the project was completed in May 2011. Revenue enhancement remains a high priority of the Municipality.

To date, we have achieved our goal of establishing a Traffic Unit within the Municipality which has a Law Enforcement Unit (Public Safety), as well as DLTC which conforms to the Department of Transport regulatory requirements. We remain committed to contributing towards the implementation of programs for vulnerable groups.

1 | Introduction and Overview



Our Special Programmes Sub-Directorate has been entrusted with a mammoth task of seeing to it that all established structures (youth, women, disability, LAC, Ministers, senior citizens, LACC, PLWHA and arts and culture) are fully functional and supported to deliver on their priorities.

We are continuing with our efforts to strengthen the capacity of the institution to respond to the service delivery challenges faced by the Municipality through the intensification of our Performance Management System. This has been the foundation of our success over the years and we still believe that it is a tool that will determine our future growth and success. As part of the broad strategy to develop skills and raise competency levels, we have been able to develop a Workplace Skills Plan (WSP) for the 2010/2011 financial year. We have also enrolled two of our line managers in the CPMD programme in our attempt to meet the National Treasury Regulations in terms of municipal competency levels.

Our biggest and most significant achievement is the tireless effort of our staff to ensure that our financial records are credible to enable a favourable audit opinion and improve our governance systems.

With gratitude and appreciation, we recognize the role of officials and councillors for their diligence and hard work thus far.

“Rural Service Delivery Excellence”



CLLR VM GUMEDE
Honourable Mayor

1.2.1 Hlabisa Geographical Profile

Hlabisa is a rural Local Municipality located in an area characterized by high levels of poverty and service backlogs.

1 | Introduction and Overview



1.2.2 Socio-Economic Profile

1.2.2.1 Population Statistics

According to the 2001 census data, the municipal population is approximately 176 890 and 150 557 according to the community survey that was undertaken in 2007 by Statistics South Africa. While the total population seems to have decreased by some 20 000 people, the total number of households has increased from 26 876 to 29 260. The population is unevenly spread amongst rural villages/settlements along the length and breadth of the area.

Changes in the municipal boundaries have reduced the size of the municipal area to 8 wards. This has reduced the population size significantly. Women account for 55% of the municipal population, which clearly indicates a need for the development agenda to prioritize gender issues. However, this may change following an increase in the perception of job opportunities in the area. Household structures reflect an increase in the number of small families, with an average of 6 members per household. This has serious implications in terms of housing and other basic needs.

The following table shows age distribution in Hlabisa Municipality

Age	% of Population
0–9	28%
10–19	30%
20–29	14%
30–39	9%
40–49	7%
50–59	5%
60–69	4%
70+	3%

Table 1: Age Distribution

(Source: MDB 2007)

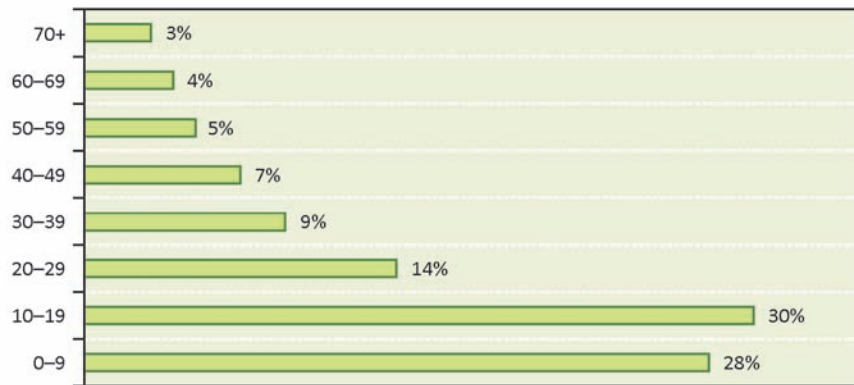


Figure 2: Age Distribution

1.2.2.2 Education Statistics

Hlabisa is generally characterized by poverty and underdevelopment. This manifests itself in different forms, including a high rate of illiteracy, low disposable income, large number of households living below the poverty line and a relatively high unemployment rate.

The table below indicates that 16% of the people within the area have no schooling at all, 40% have attended school up to primary level, 32% had acquired secondary school, 9% had matriculated and only 3% had obtained post matric qualifications.

Level of Education	% of Population
No Schooling	16%
Primary School	40%
Secondary School	32%
Matriculation	9%
Tertiary	3%

Table 2: Education Statistics

(Source: Census 2001)

1 | Introduction and Overview

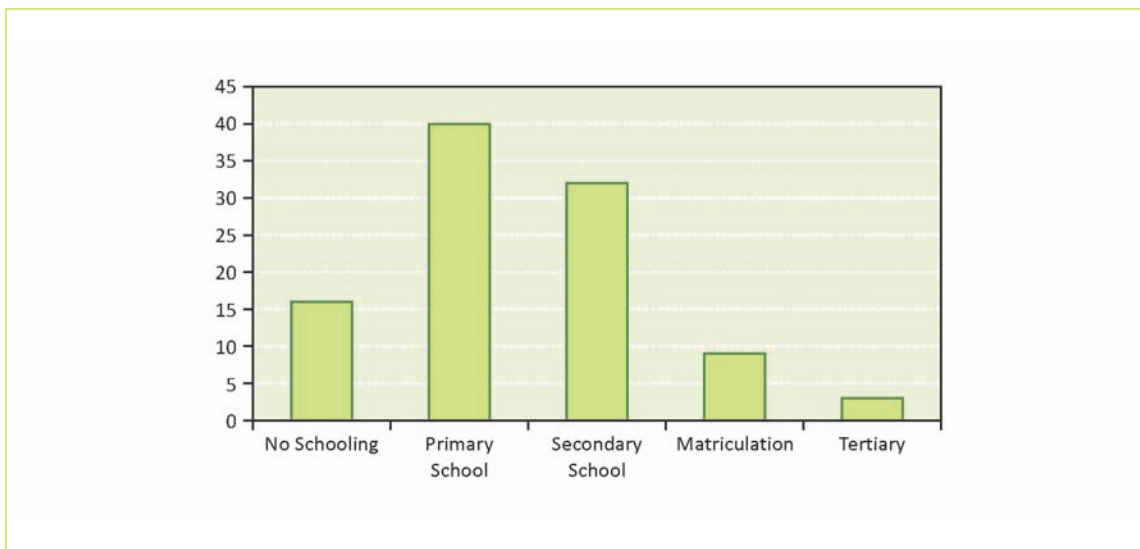


Figure 3: Education Statistics

1.2.2.3 Income Levels

The table below shows that 26% of the people within the area have no secured source of income, 12% earns below R5 000 per annum, while 23% earn between R4 800 and R9 600 per annum and 18% earning between R9 601 and R19 200. Only 21% of the community earns more than R19 000 a year, which is less than R2 000 per month.

Level of Income	%Population
No Income	26%
R 0 – 4 800	12%
R 4 801 – 9 600	23%
R 9 601 – 19 200	18%
R 19 200 +	21%

Table 3: Income levels

(Source: MDB 2007)

The majority of the population lives below the poverty line and eligible to receive welfare grants from the Department of Welfares.

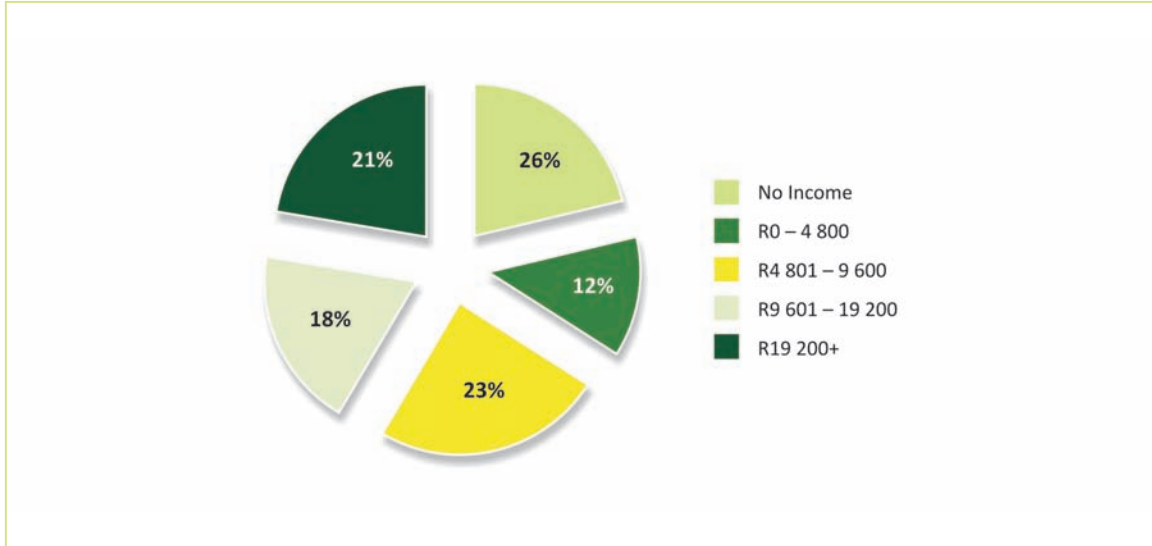


Figure 4: Income Levels

According to the Development Bank of Southern Africa (DBSA), the unemployment rate in Hlabisa has increased from 62.1% in 1991 to 72.9% in 1996. In 2004, 65.3% of women were unemployed. This is due mainly to the lack of investment and the associated employment opportunities in the area, as well as a high rate of illiteracy.

1.2.2.4 Access to Services

Poverty also manifests itself in the form of service backlogs, particularly in the areas access to water, sanitation and roads. Major strides have been made in addressing these issues. Nonetheless, the number of households who are without proper access to these services remains very high.

a. Roads

According to the uMkhanyakude Public Transport Plan, there are two taxi ranks located within Hlabisa that support about 90 taxis and a number of bakkies servicing approximately 11 taxi routes.

The road that goes through Hlabisa to Nongoma has been upgraded and tarred as part of the Renaissance Programme by the Department of Transport. While provincial and district roads are generally in a good condition, the same cannot be said about local access roads.

b. Refuse Removal

The municipality provides waste removal service in town and is in a process of investigating the feasibility for the establishment of a sub-regional waste disposal facility. Almost 80.4% of the community use their own refuse dump, which is not provided by the Municipality, while 17.6% have no disposal, and 3% have its disposal removed either once or twice a week.

1 | Introduction and Overview



c. Sanitation

The number of people who do not have access to proper sanitation has decreased from 47% in 2001 to 29.8% in 2007. The number of people with access to pit latrines has increased to 38%.

d. Water

The majority of people at Hlabisa Municipality do not have access to water in accordance with the standards set by the Department of Water Affairs and Forestry. The provision of water includes extensive use of boreholes and natural sources of water. None of this is purified. Only 36% have access to piped water outside their yards. The number of people with water inside their yards and houses is negligible.

e. Electricity

Only 35% of the households in Hlabisa have access to electricity. The majority of the households in the area still rely on other forms of energy, such as candles, gas and paraffin for their needs. For lighting purposes, 68% of the households use candles, 28% use electricity and 5% use other sources of energy such, as gas, paraffin and solar.

1.2.2.5 Access to Social Services

Hlabisa Municipality has one public hospital, which is a district hospital. It serves communities in Hlabisa, Mtubatuba and part of the Hluhluwe area. It supports about 15 clinics and 1 Health Station located in Mpembeni, as well as 4 mobile clinics. There is at least one clinic at KwaMsane that operates as a Polyclinic, i.e. operates 24 hours a day.

There are 149 schools within Hlabisa Municipality, 107 primary schools and 42 secondary schools. There are no existing higher education facilities in Hlabisa Local Municipality. Students who have completed their matric are compelled to go to areas such as Richards Bay and Durban to further their studies. Therefore, there is a need to develop strategies that will minimize skills shortages and the high rate of illiteracy.

There are three police stations located within Hlabisa Municipality, namely Hlabisa, Ezibayeni and KwaMsane. They provide a range of services. The police station in Hlabisa Town is close to the offices of the Department of Justice, together they offer a wide range of services. Areas that are adjacent to Mtubatuba Municipality are serviced by KwaMsane Police Station, while areas in ward 5 and 6 are serviced by Ezibayeni police station. Other areas in Hlabisa Municipality that are serviced by Hluhluwe police station.

1.3 EXECUTIVE SUMMARY

1.3.1 Development Vision

In line with its mandate, the Municipality has formulated the following development vision:

“Half poverty by 2015 through cooperativeness and efficient utilization of scare resources”

1.3.2 Development Goals

The following long-term development goals have been identified:

- ◆ To create and sustain sufficient capacity for efficient local governance;
- ◆ To promote equitable access to infrastructure and basic services;
- ◆ To create a conducive environment for a sustainable social and economic development;
- ◆ To promote democracy and good governance; and
- ◆ To manage and disburse public in an efficient and accountable manner.

1.3.3 Strategic Priorities

The Municipality will focus on the following priorities as means to address service backlogs:

- ◆ Support the district and other service agencies in the implementation of projects;
- ◆ Assist with the identification and facilitate the implementation of water, sanitation and electricity projects;
- ◆ Roads and storm water management;
- ◆ Establishment of a MIG Unit; and
- ◆ Facilitate the development of public facilities.



1 | Introduction and Overview

Social and economic development will be addressed as follows:

- ◆ Expedite the implementation of the housing projects;
- ◆ Promote Community based tourism;
- ◆ Facilitate the establishment of agricultural projects in various settlements in association with the Department of Agriculture;
- ◆ Facilitate the provision of community services;
- ◆ Facilitate the provision of safety nets for the poor and the indigent;
- ◆ Special programs; and
- ◆ Promote environmental awareness among the members of the community.

Strategies to contribute towards institution development are as follows:

- ◆ Development and implementation of the Organogram;
- ◆ Implementation of the Municipal Assistance Programme;
- ◆ Development of systems and procedures; and
- ◆ Promote the development of Small Medium and Micro – Enterprises.

Democracy and governance will be addressed as follows:

- ◆ Strengthen and build the capacity of ward committees;
- ◆ Develop A public participation and communication programme;
- ◆ Coordinate the activities of the community development workers;
- ◆ Participation in various coordinating structures;
- ◆ Efficient and effective local governance;
- ◆ Facilitate the preparation of a Five Year Integrated Development Plan;
- ◆ Facilitate the preparation of sector plans as components of the IDP;
- ◆ Prepare and introduce a Land Use Management System (LUMS) covering the whole municipal area; and
- ◆ Prepare development plans for service centers as identified in the Spatial Development Framework.

In terms of Financial Management, the Municipality will:

- ◆ Develop and implement effective Financial Management systems and policies;
- ◆ Develop and implement an efficient and effective Assets Management system;
- ◆ Prepare for the implementation of the Property Rates Act; and
- ◆ Account for the use and expenditure of public funds.

1.3.4 Intended Impact

Over the next five years communities within the Hlabisa Municipality area should expect the following in terms of impact:

- ◆ Improved quality of life;
- ◆ Equitable access to basic services;
- ◆ Investment, economic growth and employment opportunities;
- ◆ Improved access to social facilities and amenities;
- ◆ An efficient Local Government structure; and
- ◆ Public participation in municipal affairs.

The Municipality will develop an organizational scorecard to measure delivery on each of these impact areas. In the meantime, departmental scorecards, the Service Delivery and Budget Implementations Plan and the associated S57 performance plans have been developed as tools to monitor progress and output.



This chapter focuses on the municipal performance highlights and challenges in terms of the five National Key Performance areas:

- ◆ Basic Service Delivery;
- ◆ Municipal Transformation & Institutional Development;
- ◆ Financial Viability & Financial Management;
- ◆ Good Governance & Public Participation; and
- ◆ Social & Local Economic Development.

2.1 BASIC SERVICE DELIVERY

The Municipality has made great strides in improving the backlogs which exist in terms of the provision of basic services despite many challenges faced including, limited resources, the inability to attract skilled staff and a lack of waste disposal equipment. However, planned improvements are underway.

2.1.1 Infrastructure Planning and Development Overview

PERFORMANCE HIGHLIGHTS

The Infrastructure Planning Unit is responsible for all technical services of the Municipality including:

- ◆ **Land Planning**
 - The construction of a new Municipal Building was completed during the 2010/2011 financial year; and
 - A Comprehensive Infrastructure Plan was developed and presented to Council.
- ◆ **Electricity, Water and Sanitation**
 - A Service Level Agreement was signed by the Municipality and the Department of Energy for the rural electrification programme;
 - R27 million was secured for the Hlabisa electricity sub-station and the project was completed in May 2011;
 - R10 Million allocated to connect 701 Households to electricity; and



Performance Highlights

2

- A number of job opportunities within different Wards in the Municipality was created due to the following projects being undertaken:

1) Roads

- ~ Construction of Phase 1 – 3 in Ward 2

2) Halls

- ~ PK Msweli Community Hall in Ward 18
- ~ Gabadela Community Hall in Ward 5
- ~ Nkundusi Community Hall in Ward 9
- ~ Nhlonhlweni Community Hall in Ward 10
- ~ Banguthuli Community Hall in Ward 12

3) Testing Ground

- ~ Developed in Ward 2

◆ Municipal Roads Development and Maintenance

- A Plant was budgeted and hired to upgrade roads as per prioritization of the Council; and
- 5 km of new road was constructed during the year which was funded by CoGTA.

2 | Performance Highlights



SERVICE DELIVERY BACKLOGS

The following table shows the service delivery backlogs to date:

	30 June 2009		30 June 2010		30 June 2011	
	Target	Actual Achievement	Target	Actual Achievement	Target	Actual Achievement
ELECTRICITY CONNECTIONS						
Past Performance						
2010/2011 – 701 connections	N/A	N/A	N/A	N/A	R10 000 000	R10 000 000
For the year ending June 2011	N/A	N/A	N/A	N/A	R 10 000 000	R 10 000 000
Backlogs to be eliminated (No. Households not receiving minimum standard of service).	19 636	0	20 400	0	20 400	450
Backlogs to be eliminated (percentage – HH identified as backlogs/total HH)	62%	0%	62%	0%	62%	3%
Total spending to eliminate backlogs (Rand)	N/A	N/A	N/A	N/A	R10 000 000	R10 000 000
ROADS INFRASTRUCTURE						
Past Performance						
2008/2009 – km	No data	No data	N/A	N/A	N/A	N/A
2009/2010 – 3 km	N/A	N/A	R5 000 000	R5 000 000	N/A	N/A
2010/2011 – 7 km	N/A	N/A	N/A	N/A	R7 000 000	R7 000 000
For the year ending June 2011	No data	No data	R5 000 000	R5 000 000	R7 000 000	R7 000 000
Backlogs to be eliminated (No. KM's not providing minimum standard of service)	15 KM	0 KM	15 KM	3 KM	10 KM	5 KM
Backlogs to be eliminated (Percentage – KM's identified as backlogs/total KM's)	80%	0%	80%	20%	80%	50%
Spending on new infrastructure to eliminate backlogs (Rand)	No data	No data	R5 000 000	R5 000 000	R7 000 000	R7 000 000
COMMUNITY HALLS						
Past Performance						
2008 /2009 – 2 Community Halls	No data	No data	N/A	N/A	N/A	N/A
2009 / 2010 – 6 Community Halls	N/A	N/A	No data	No data	N/A	N/A
2010 /2011 – 7 Community Halls	N/A	N/A	No data	No data	N/A	N/A
For the year ending June 2011	No data	No data	No data	No data	No data	No data
Backlogs to be eliminated (No. halls not providing minimum standard of service)	No data	No data	No data	No data	No data	No data

Performance Highlights

2

	30 June 2009		30 June 2010		30 June 2011	
	Target	Actual Achievement	Target	Actual Achievement	Target	Actual Achievement
HOUSING						
Number of new houses built in the Municipality during the financial year	No data	No data	2 000	2 000	1 000	380
REVENUE – FINANCE						
Collection levels for revenue due:						
• Refuse	No data	11%	No data	53%	No data	44%
• Rates	No data	89%	No data	53%	No data	56%
REFUSE REMOVAL BACKLOGS						
Backlogs to be eliminated (No. of households not receiving minimum standard of service)	20 454	1 363	20 454	1 500	21 500	2 200
Backlogs to be eliminated (percentage – HH identified as backlogs / total HH)	75%	5%	75%	5%	75%	5%
HH 40% for the Total						

Table 4: Service Delivery Backlogs

2 | Performance Highlights



2.1.2 Municipal Services

2.1.2.1 Driving Licence and Testing Centre

The following table indicates the number of licences issued during the reporting year:

Month	Applications for Learners Licences	Applications for PrDP	Duplicate Learner's Licences	Driving Licences Renewed	Learners Licences Issued	Temporary Licences Issued
July	129	19	6	21	55	12
August	121	6	1	22	21	8
September	121	7	No data	14	42	11
October	86	16	1	13	29	10
November	125	12	4	24	36	16
December	121	8	5	13	45	12
January	171	18	3	13	60	4
February	197	7	2	28	68	16
March	215	19	16	24	98	14
April	182	12	1	30	63	10
May	158	13	1	24	85	16
June	176	11	1	20	62	1
TOTAL	1 802	148	41	246	664	130

Table 5: Driving Licence and Testing Center Statistics

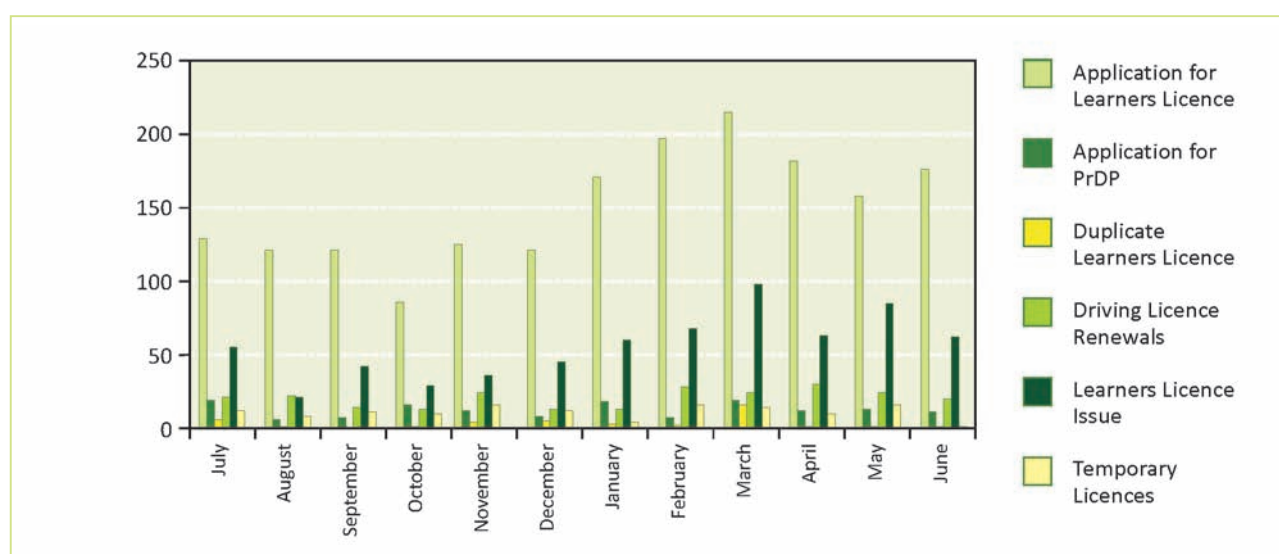


Figure 5: Driving Licence & Testing Statistics

The figure above displays the operations of the Testing Centre within the Traffic Department during the financial year.

2.1.2.2 Traffic & Protection Services

The following table reflects statistics relating to traffic and protection services.

Month 2011	Warrants of Arrest	Section 56 Notices
July	9	480
August	2	211
September	0	296
October	0	326
November	3	534
December	0	308
January	23	976
February	8	857
March	6	752
April	1	277
May	10	0
June	48	244
TOTAL	110	5 261

Table 6: Traffic Protection Services Statistics

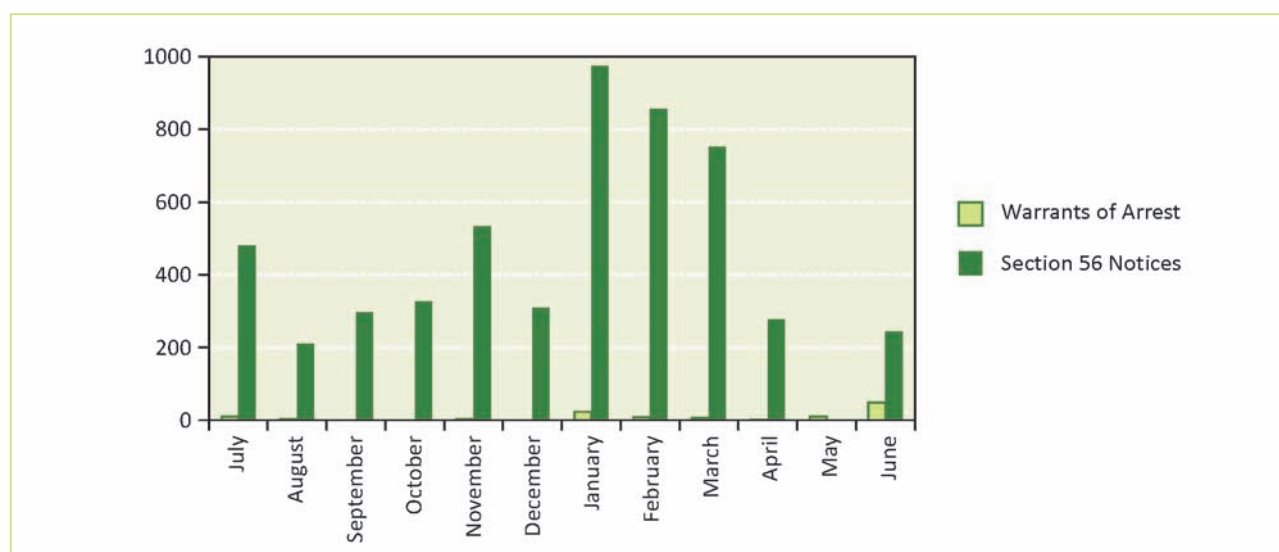


Figure 6: Traffic and Protection Services



2.1.2.3 Crime Prevention

The following table reflects number of cases reported by the Crime Prevention Unit:

DETAILS	TOTAL
Contact Crimes	
Murder	13
Total Sexual Crimes	31
Attempted murder	6
Assault with the intent to inflict grievous bodily harm	103
Common assault	42
Common robbery	17
Robbery with aggravating circumstances	34
Contact-Related Crimes	
Arson	6
Malicious damage to property	30
Property-Related Crimes	
Burglary at non-residential premises	19
Burglary at residential premises	46
Theft of motor vehicles and motorcycles	6
Theft out of or from motor vehicles	4
Stock-theft	15
Crimes Heavily Dependent on Police Action for Detection	
Illegal possession of firearms and ammunition	10
Drug-related crimes	5
Driving under the influence of alcohol or drugs	7
Other Serious Crimes	
All theft not mentioned elsewhere	51
Commercial crime	25
Shoplifting	11
Subcategories Forming Part of Aggravated Robbery Above	
Carjacking	6
Truck hijacking	0
Robbery at residential premises	7
Robbery at non-residential premises	9
Other Crimes Categories	
Culpable homicide	9
Public violence	1
Crimen injuria	20
Neglect and ill-treatment of children	1
Kidnapping	1

Table 7: Crime Statistics



2.2 MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

2.2.1 Corporate Services

PERFORMANCE HIGHLIGHTS

- ◆ Revision of the municipal organogram and signing of Performance Agreements by all Section 57 Managers on time;
- ◆ Timeous submission of the 2010/2011 Workplace Skills Plan and 2009/2010 Annual Training Report to LGSETA;
- ◆ Timeous submission of the Employment Equity Report to the Department of Labour;
- ◆ Revision of 38 Governance & Administration Policies and adoption by Council;
- ◆ Revision of job descriptions for staff members;
- ◆ Development of a PMS Policy Framework and adoption by Council; and
- ◆ Hosting the annual performance awards for staff and Councillors.

CHALLENGES

- ◆ Budget constraints to implement prioritized programmes and activities; and
- ◆ Unavailability of Councillors due to their preparation for the 2011 Local Government Elections and participation in election campaigns.



2.3 FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT

PERFORMANCE HIGHLIGHTS

- ◆ Achieved an Unqualified Audit Opinion with other matters statement for the past 3 consecutive financial years;
- ◆ Sent 5 staff members on AAT Programme (Local Government Accounting Certificate) conducted by SAICA;
- ◆ Fully complied with the new regulations in terms of budget tabling and it was done in house;
- ◆ Developed, reviewed and tabled Financial Management policies to Council;
- ◆ Revised the Supply Chain Management policy in terms of budget time frames; and
- ◆ Successfully implemented the new accounting system (Pastel Evolution) within 12 months.

CHALLENGES

- ◆ Collection of long outstanding debts;
- ◆ Failure to implement the credit control and debt collection policy;
- ◆ Development of sustainable revenue generation programmes; and
- ◆ High staff turnover within the department.

2.4 GOOD GOVERNANCE & PUBLIC PARTICIPATION

PERFORMANCE HIGHLIGHTS

- ◆ The Municipal IDP for 2010/2011 was adopted by Council in May 2011;
- ◆ The 2 IDP Steering committee meetings were held during the reporting year;
- ◆ The 2010/2011 IDP Representative Forums were held on the 8th September 2010, 10th November 2010, 16th February 2011 and 20th April 2011;
- ◆ Two IDP Consultative meetings were held to engage the community with regard to the IDP strategies and to receive their comments;
- ◆ The IDP road show took place on the 27th of November 2010;
- ◆ 19 Ward based consultative meetings were held in all 8 Wards during 2010/2011 financial year;
- ◆ An awareness campaign on Waste Management was held on the 6th of November 2010; and
- ◆ Hlabisa Councillors were sent on a workshop on the 14th of December 2010 on the Comprehensive Infrastructure Plan and Municipal Infrastructure Investment Programme.

The following table indicates the number of ordinary and special meetings held, as well as the average attendance per meeting:

DESCRIPTION	2009/2010			2010/2011		
	Ordinary Meetings	Special Meetings	Average Attendance	Ordinary Meetings	Special Meetings	Average Attendance
Council	3	4	90%	4	4	90%
Executive & Finance Committee	9	0	95%	9	3	95%
Corporate Services	10	0	85%	6	0	85%
Social Development	10	0	80%	6	0	80%
Infrastructure and Technical	7	0	80%	8	0	80%
Community Services	9	0	80%	5	0	80%
Planning & Economic Development	8	0	80%	8	0	80%

Table 8: Attendance at Committee Meetings for 2010/2011

2 | Performance Highlights

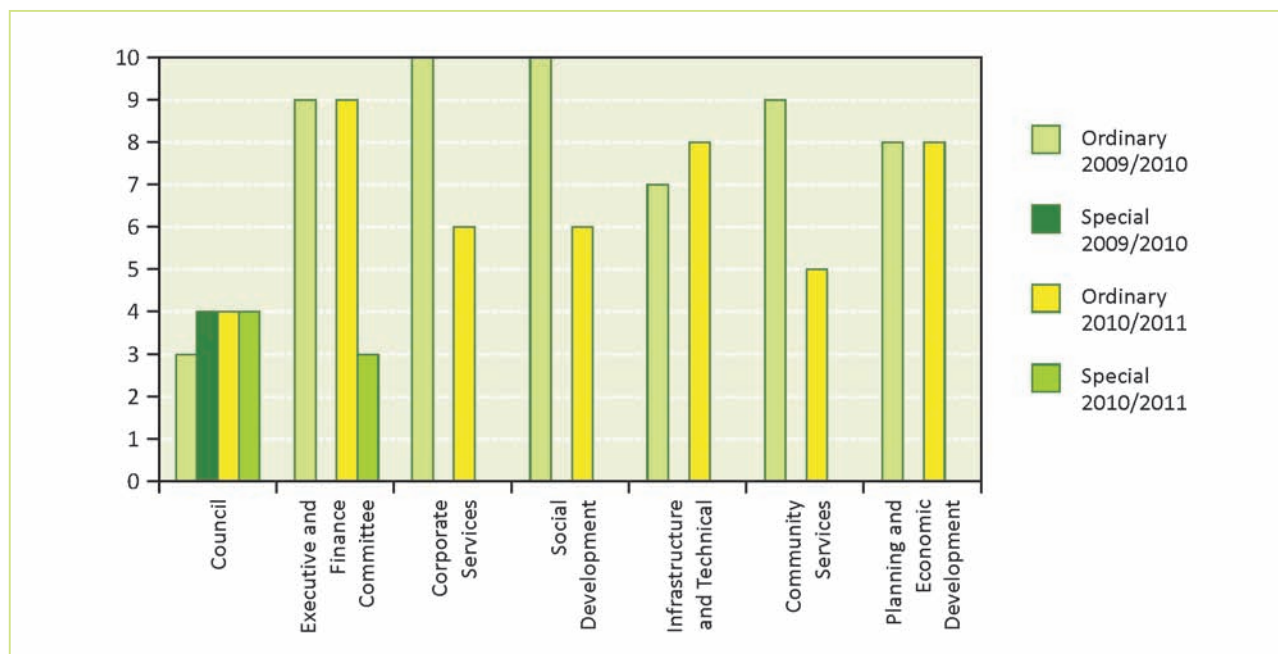


Figure 7: Attendance at Committee Meetings

Public participation and consultation occurred in multifaceted forms which include the following:

- ◆ IDP Representative Forum Meetings;
- ◆ IDP Roadshows;
- ◆ Mayoral Imbizo;
- ◆ Consultative Meetings; and
- ◆ Workshops with the Ward Committees/Ward based consultative meetings.

The Municipal IDP Representative Forum (RF) that was held was made up of Ward Committee members, stakeholders, relevant Government departments, service providers and the District Council. The forum was chaired by the Mayor.

Community participation facilitates the process of registering local needs and is legislated in the Municipal Systems Act, Act No. 32 of 2000. All details contained in Chapter 4 of the Act formed the basis upon which IDP the road shows were staged. The focus of the IDP road shows for 2010/2011 was to engage communities in municipal agenda concerning current issues of development.



Performance Highlights

2

Ward Committee workshops or Ward based consultative sessions were used to facilitate a process of prioritizing projects for the 2010/2011 IDP review and budget.

They also provide an opportunity for the senior municipal officials to engage with the communities in terms of projects that have been implemented and further activities to ensure the sustainability of such projects. These meetings were held on the 10th and 20th of November 2011 and 16th and 20th of April 2011.

A meeting chaired by the Technical Director and assisted by the Planning Director was held to verify grant funding and available budgets contributing to the implementation of programmes and projects initiated through the IDP process. The IDP Implementation Plan was also verified by this forum before submission to the IDP Representative Forum and Council for final approval.



2.5 SOCIAL & LOCAL ECONOMIC DEVELOPMENT

2.5.1 Local Economic Development

2.5.1.1 Agriculture

PERFORMANCE HIGHLIGHTS

The agricultural sector is one of the important economic bases in the Hlabisa Municipality area. It occurs mainly in the form of subsistence and small scale production. In the reporting year the Municipality has been able to achieve the following:

- ◆ Farmers were sent to the incubation programme on Business Management;
- ◆ 8 Crop production units have been developed, from which ten community gardens have benefited;
- ◆ The Municipality procured seedlings for rose geranium through the assistance of Winrock International; and
- ◆ Agricultural projects have been implemented in each Ward for the Poverty Alleviation Programme.

2.5.1.2 SMME & Enterprise Development

PERFORMANCE HIGHLIGHTS

- ◆ A Service Level Agreement was signed between Hlabisa Municipality, Department of Economic Development and Tourism and Urban Econ for the development of the Tourism Strategy;
- ◆ A local construction company, Ntulindawo Construction, was appointed to complete the fencing of the Amakhosini Hall as part of empowering local business;
- ◆ Mumbo Singela Trading CC was appointed for the cleaning of septic tanks in Hlabisa town;
- ◆ Mkhulekwa was appointed for the removal of sewerage; and
- ◆ Urban Econ was appointed for the development of a Tourism Master Plan.



2.5.1.3 Youth Development

PERFORMANCE HIGHLIGHTS

- ◆ A capacity workshop was organized in conjunction with the Department of Sports and Recreation at Inkosi Nkanyiso sports field;
- ◆ 8 schools were sent to attend Environmental Camps at Umfolozi Game Park;
- ◆ On the 23rd & 30th of October 2010 the youth from different sports codes participated in the SALGA KZN Annual Games; and
- ◆ All Wards were given sport kits for different sport codes.

2.5.2 Social Development

PERFORMANCE HIGHLIGHTS

- ◆ Hosting of Ingoma Events during December 2010;
- ◆ Hosting of the Ubuhle buka-Zulu annual event on the 29th of August 2010;
- ◆ Participation of the Municipality during annual the reed dance ceremonies of Nyokeni and Machobeni Royal Residences;
- ◆ Hosting of Senior Citizens Golden Games from the 14th to the 16th of December 2010;
- ◆ Hosting of the Women's Day Celebration on the 22nd of August 2011;
- ◆ Coordinating HIV and AIDS and Male Medical Circumcision Awareness Campaigns in collaboration with the Department of Health;
- ◆ Establishment and launch of Hlabisa Ward Aids Committees (WACs);
- ◆ Capacity building for all Ward Aids Committees;
- ◆ Development and adoption of the Disability Framework; and
- ◆ Compilation of a database for PwDs.

CHALLENGES

- ◆ Budget constraints to implement other prioritized programmes and activities;
- ◆ Fluctuating attendance of Portfolio Committees by other Councillors which compromised the timeous approval of resolutions by Council structures; and
- ◆ Preparation for the 2011 Local Government Elections and involvement of Councillors in election campaigns consumed a lot of time.



2.5.2.1 Library Services

Membership Statistics

The following are the statistics in terms of membership.

Month 2011	Adults	Young Adults	Juveniles	Total
July	9	12	11	32
August	5	3	10	18
September	12	7	3	22
October	5	7	12	24
November	4	10	3	9
December	11	8	4	23
January	0	0	3	3
February	0	8	10	18
March	3	7	9	19
April	1	0	0	1
May	2	0	0	2
June	0	0	0	0
TOTAL	52	62	65	179

Table 9: Membership Statistics

The graph below illustrates the membership statistics in terms of the percentage of the total members per category:

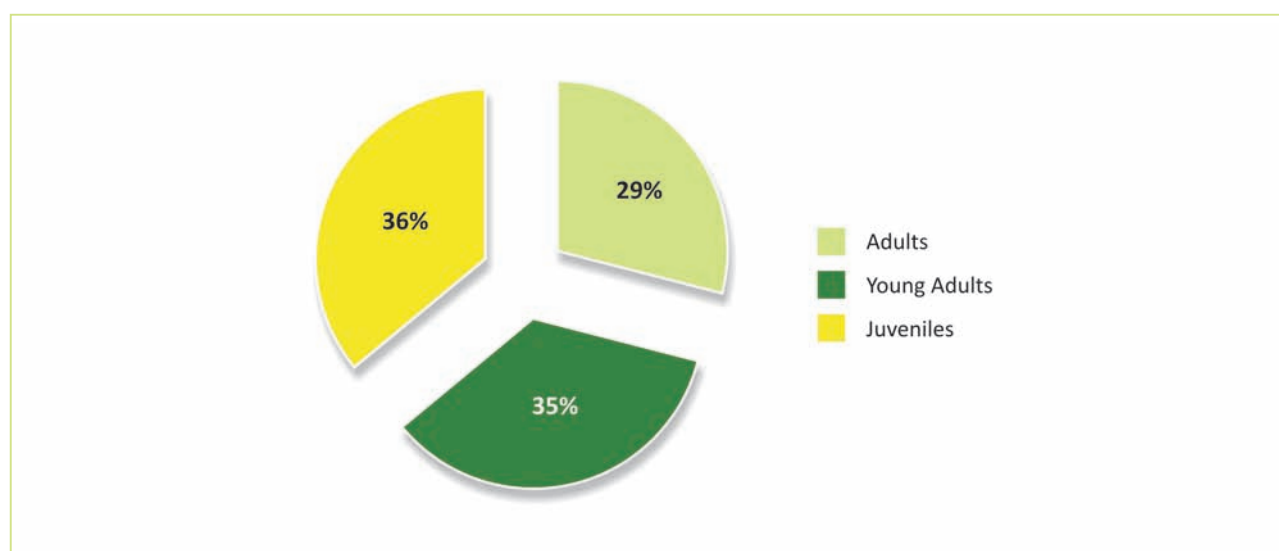


Figure 8: Membership Statistics

Circulation of Library Material

The following are the statistics for the circulation of library material:

Month 2011	Print material		
	Books	Tertiary Books	Audio Visuals
July	466	N/A	200
August	348	N/A	189
September	483	285	295
October	358	N/A	183
November	288	N/A	192
December	82	295	157
January	362	N/A	229
February	224	N/A	117
March	269	159	122
April	274	N/A	113
May	336	N/A	114
June	349	35	121
TOTAL	3 839	774	2 032

Table 10: Circulation of Library Material

The graph below illustrates the membership statistics in terms of the percentage of the total members per category:

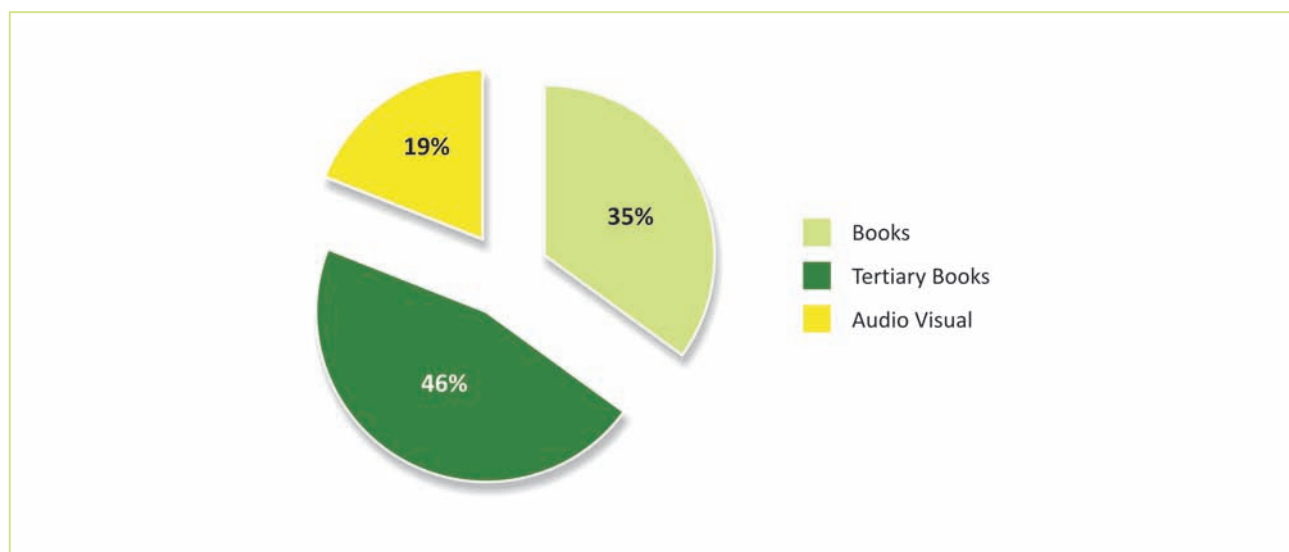


Figure 9: Circulation of Library Material



3.1 Introduction

This report has been prepared in terms of the provision of sections 121(3) (j), 166(2) (b) and 166(2) (c) of the Municipal Finance Management Act, Act No. 56 of 2003.

The following persons served as members of the Audit Committee for the year under review:

- 1) Mr. D Dlamini – Ex chairperson (resigned in November 2010)
- 2) Ms N Mchunu – Chairperson (appointed during the 2010/2011 financial year)
- 3) Mr. V Mtshali (appointed during the 2010/11 financial year)
- 4) Mr. S Majola (appointed during the 2010/11 financial year)

3.2 Overview of Activities

The audit committee had four formal meetings during the period covered in this report. These meeting were held on 25 August 2010, 04 November 2010, 21 June 2011 and 30 June 2011 respectively. All members of the audit committee attended these meetings. The audit committee therefore complied with the provisions of section 166(4) (b) of the MFMA which requires the Audit Committee to meet at least four times.

The following matters were dealt with at these meetings:

- ◆ The Internal audit plan for 2010/2011 financial year was considered and approved;
- ◆ At each of the meetings, a report from internal auditors was tabled, discussed and approved;
- ◆ Attention was given to Council's Performance Management System by considering reports issued by Internal Audit;
- ◆ The Auditor-General report for the year ended 30 June 2011, was received and considered;
- ◆ Review of the Internal Audit charter and Audit Committee Charter;
- ◆ Review of the Risk Register for the 2010/2011, resulting from the Risk Assessment workshop held during 2010.



3.3 The Report

The purposes of executing its statutory duties as contained in section 166(2)(a) of the MFMA as well as its mandate as set out in the Audit Charter, the Audit committee relies heavily on the work done by internal audit which has been outsourced to Umnotho Business Consulting.

In order to be able to rely on the work performed by internal audit, the audit committee has to satisfy itself on the quality and scope of work performed by internal audit is sufficient to be able to place necessary reliance thereon. It is the view of the audit committee that the work performed by internal auditors is of acceptable standard, that is properly planned and controlled and the reporting is detailed and comprehensive.

There is also sufficient evidence that internal audit findings are discussed with responsible official and that implementation of corrective measures that have been agreed upon, are followed regularly. We have no hesitation in relying on the work performed by internal audit for purposes of executing our mandate as per section 166 of the MFMA.

This comment should be read with our concerns and recommendations which are dealt in paragraph 9.

Section 166(2) of the MFMA requires the audit committee to “review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this act, the annual Division of Revenue Act and any other applicable legislation”. For these purposes, the audit committee relies on the work performed by the Auditor- General during its audit of the financial statements of the municipality.

The members of the audit committee reviewed the financial statements for the year ended 30 June 2011 and can report as follows:

- ◆ The municipality’s operating surplus for the year increased and there was an increase in cash and cash equivalents which was largely attributable to the conditional grants that were not spent at the end of June 2011.
- ◆ There has been a significant increase in current liabilities which was largely due to the increase in unspent conditional grants at year end. This might affect the municipality’s ability to achieve its performance goals and these moneys were not utilized at the end of the financial year.
- ◆ There has been an increase in Trade Receivables which indicates weaknesses in the debt recovery function. It is pleasing to note that management seems to have taken an active role in improving this area, however credit management still remains an area of concern.



3 | Report of the Audit Committee

- ◆ The municipality's total assets exceeded total liabilities by R63m at 30 June 2011 which indicates that the Municipality is in a healthy position.
- ◆ The Auditor-General's report on the financial statements has been noted. It is with regrettable to note that the Auditor-General has expressed a qualified opinion on the Annual Financial Statements for the year ended 30 June 2011, which is a regression from the unqualified report received by the Municipality for the year ended 30 June 2010. This was attributable to community assets amounting to R10m which could not be verified by the Auditor-General, therefore resulted in a limitation of scope, hence the qualification.
- ◆ The Auditor-General's management letter and management responses thereto for the year ended 30 June 2011 are due to be considered by the audit committee prior to adoption of the Annual Report in January 2012.

With regards to risk management, we believe that the municipality still needs to improve in this area because currently it does not have a process of identifying and monitoring risk on a continuous basis.

In as far as the provisions of section 166(2)(c) of the MFMA are concerned, we can report that in our opinion, all issues raised by Auditor-General are treated by ourselves in a serious nature and we are committed towards the national goal of Clean Audit 2014. We are therefore going to monitor management's progress in resolving these issues and we will report to council accordingly.

3.4 Concerns and recommendations

During the course of our meetings and discussion during the period under review, a number of important issues came to light which the audit committee believes should be brought to Council's attention as listed below:

- ◆ The full implementation and operation of performance management system to measure service delivery in line with the IDP and pre-determined objectives still appears to be a concern. We would like management to provide more focus on this area as this is a direct link to service delivery to the community.
- ◆ A process of continuously identifying and monitoring risks should be put in place. We recommend that risk committee be established which will be composed of senior managers from each department.
- ◆ Management should ensure that money received for conditional grants is used timeously to accelerate service delivery.



- ◆ There are various internal control and compliance concerns raised by the internal auditors and also by the Office of the Auditor-General in their reports during the year, for example around the areas of debt management, supply chain management, IT etc. Although management responses to the findings were considered by the Audit Committee during the year, we would like to urge management to pay specific attention to these areas and to continue to address the concerns raised as priority in order to improve the functioning of the municipality.

3.5 Conclusion

The implementation and maintenance of proper systems of internal controls, risk management, the prevention of fraud and errors, safeguarding of the assets of the municipality and compliance with relevant laws and regulations, are the responsibility of Council. The role of the audit committee is to monitor the efficiency of the procedures and mechanism which Council has put in place in order to ensure that its policies and procedures are adhered to.

We can report that, taking into account the exemptions noted above and based on the reports submitted to us, our overall impression is that the systems and procedures implemented by Council are being implemented and managed properly except for the areas that require specific attention as has been detailed above.

Yours faithfully

Nosipho Mchunu

For AUDIT COMMITTEE



4.1 ORGANISATIONAL STRUCTURE

In accordance with municipal legislation, Hlabisa Municipality has developed and adopted an organisational structure which has been adopted by Council. The managerial structure has been developed in a manner that would enable the Municipality to deliver on its priorities and objectives, as set out in the Municipality's Integrated Development Plan.

The Hlabisa Municipality consists of six departments, namely the office of the Municipal Manager; Planning, social & LED; Finance; Corporate Services; Community Services and Technical Services.

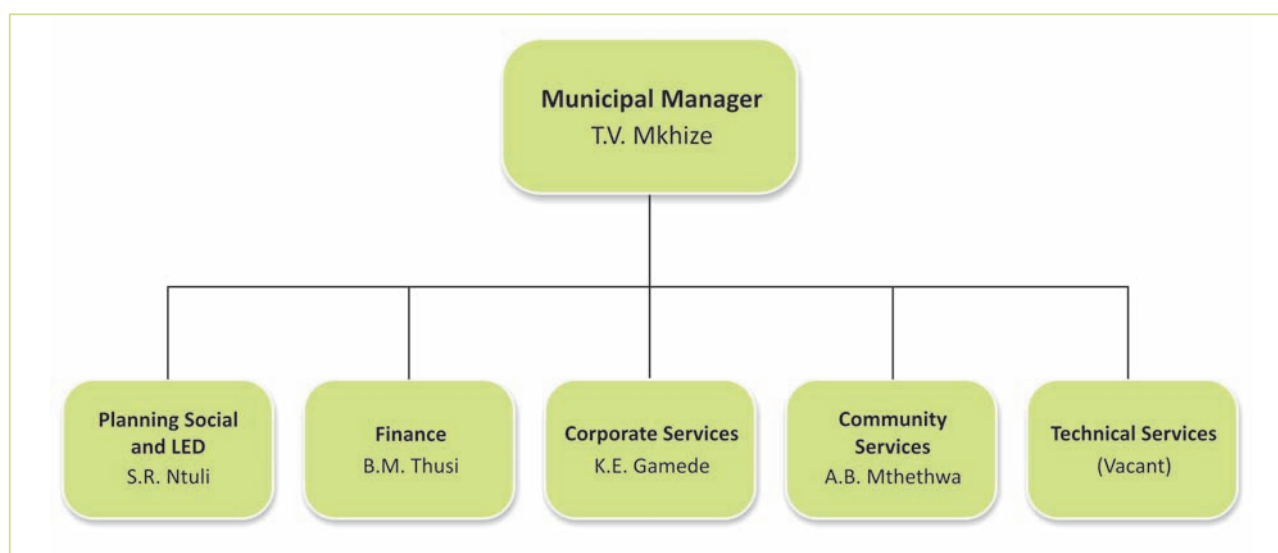


Figure 10 : High Level Organisational Structure

Hlabisa Municipality has 3 Section 57 Managers posts that have been filled. The post of the Director: Technical Services is vacant where there is a Deputy Director, and the post of the Director: Planning & Economic Development is filled by an individual in an Acting Capacity.

These departments are responsible for carrying out Council and EXCO resolutions. They assist the Council with the execution of operational strategies and objectives that are set out in the Integrated Development Plan. In accordance with municipal legislation, the Municipality has established all the statutory committees for Good Governance and Financial Management. It has also developed all the necessary policies, systems and procedures. These are reviewed and updated on an on-going basis. In addition, the Municipality has established and is currently capacitating its Ward Committees as a means to facilitate public involvement in municipal affairs and deepen democracy.

4.2 EMPLOYMENT EQUITY & SKILLS DEVELOPMENT

In terms of section 13(1) of the Employment Equity Act, Act No. 55 of 1998, the Municipality is required to achieve employment equity by ensuring that affirmative action is implemented which targets mainly the designated groups.

Hlabisa Municipality has developed and implemented the Employment Equity Plan, which reflects the significant progress the Municipality has achieved thus far, and actions to address challenges relating to enhancing demographic representatives, skills development, diversity management and organizational culture assessment.

The following table illustrates the workplace demographics for the year under review.

Workplace Population	Male				Female				Total Employees
	Asian	Colored	Indian	White	Asian	Colored	Indian	White	
Number of Employees	37	0	0	2	34	0	0	0	73
Percentage	50%	0%	0%	3%	47%	0	0	0	100%

Table 11: Workplace demographics

The profile of the Municipality by occupational category for the financial year 2010/2011 is:

Occupational Category	Designated							Total
	Male			Female				
	Black	White	Indian	Black	Colored	Indian	White	
Legislators, senior officials and managers	36	1	0	11	0	0	0	48
Officers	19	1	0	20	0	0	0	40
Elementary occupations	10	0	0	10	0	0	0	20
Total Permanent	65	2	0	41	0	0	0	99
Non permanent	2	0	0	7	0	0	0	9

Table 12: Occupational Category



4.2.1 Training and Development Information

The following are the details of officials trained during 2010/2011:

Training Course	No. of Officials Attended
CPMD	2
Project Management	6
LED Training	1
Certificate in Local Government Accounting	5
Supply Chain Management Training	1
Asset Management	2
Compilation of Annual Financial Statements	5

Table 13: Training and Development



4.3 HUMAN RESOURCE GOVERNANCE

Hlabisa Municipality has developed a number of policies that deal with Human Resources (HRM). The following policies were adopted by Council for the 2010/2011 financial period:

- ◆ Experiential Training Policy;
- ◆ Mayoral Vehicle Policy;
- ◆ Legal Aid Policy;
- ◆ Declaration of interest Policy;
- ◆ Relocation Policy;
- ◆ Training and Development Policy;
- ◆ Overtime Policy;
- ◆ Pool Vehicle Policy;
- ◆ Recruitment Policy;
- ◆ Security of Municipal Affairs Policy;
- ◆ Smoking Policy;
- ◆ Subsistence Allowances Policy;
- ◆ Termination of Employment Policy;
- ◆ Benefits and Allowance Policy;
- ◆ Social Responsibility Policy;
- ◆ Leave of Absence Policy;
- ◆ Work Attendance Policy;
- ◆ Occupational Health and Safety Policy;
- ◆ Acting Allowance Policy;
- ◆ Use of Municipal Assets and Resources Policy;
- ◆ Employment Equity and Affirmative Action Policy;
- ◆ Sexual Harassment Policy;
- ◆ Access to Employee File Policy;
- ◆ Employment Practice Policy;
- ◆ Incapability due to Ill-Health or Injury Policy;
- ◆ Incapability due to Poor Work Performance Policy; and
- ◆ Internal Bursary Policy.



4.4 PERFORMANCE MANAGEMENT AND REPORTING

In attempt to adhere to the requirements by the legislation, Hlabisa Municipality has introduced a comprehensive Performance Management System in line with Chapter 6 of the Local Government Municipal Systems Act, Act No. 32 of 2000.

Hlabisa Municipality developed performance measures from the strategic objectives that will be used to measure organizational performance. The Municipality reported on Performance Management for the first time in 2010/2011.

4.5 STAFFING INFORMATION

4.5.1 Remuneration of Councilors

The remuneration of Councilors is determined in terms of the Remuneration of Public Office Bearer's Act, Act No. 20 of 1998 and the Local Government: Municipal Finance Management Act, Act No. 56 of 2003.

Councillors	Amount
Mayor	230 789
Speaker	394 952
Deputy Mayor	231 137
Exco Members	205 345
Councillors	151 980
TOTAL	1 214 203

Table 14: Remuneration for Councilors for 2010/2011

4.5.2 Remuneration of Senior Officials

The following table shows the remuneration of senior management in the Municipality:

Senior Management	Amount
Municipal Manager	711 074
Chief Financial Officer	632 299
Head of Department: Community & Social Services	585 639
Head of Department: Infrastructure	679 153
Head of Department: Corporate Services	657 768
TOTAL	3 265 933

Table 15: Remuneration of Senior Officials for 2010/2011



5.1 Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON HLABISA MUNICIPALITY REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Hlabisa Municipality, which comprise the statement of financial position as at 30 June 2011, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 79.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DORA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on the financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice No. 1111 of 2010, issued in *Government Gazette No. 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualification

Property, plant and equipment

7. I was unable to verify the existence of community asset include in note 3 property, plant and equipment to the financial statements amounting to R10,459 million (2010: R12,068 million). The entity could not provide sufficient appropriate audit evidence to support this balance. The entity's records did not permit the application of alternative audit procedures regarding the existence of this asset.

Opinion

8. In my opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Hlabisa Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Irregular expenditure

10. As disclosed in note 35 to the financial statements, irregular expenditure, relating to procurement and contract management totalling R489 666 was incurred, as a result of contraventions of the Local Government: Municipal Supply Chain Management Regulations (MSCMR).



Fruitless and wasteful expenditure

11. As disclosed in note 34 to the financial statements, fruitless and wasteful expenditure of R8 632 (2010: R6 154) was incurred, due to interest and penalties being imposed on the late payment of supplier invoices.

Additional matter

I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

12. The supplementary information set out on pages xxx to xxx do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and in terms of General Notice No. 1111 of 2010, issued in Government Gazette No. 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 93 to 147 and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Usefulness of information

14. The reported performance information was deficient in respect of the following criteria:
 - Measurability: The targets are not time bound.
 - Consistency: Objectives are consistent between planning and reporting documents

Planned and reported targets are not time bound

15. For the selected objectives, 30% of the planned and reported targets were not time-bound in specifying the time period or deadline for delivery.

Reported objectives are not consistent when compared with the planned objectives

16. Reported performance against predetermined objectives is not consistent with the approved integrated development plan.

Reliability of information

17. The reported performance information was deficient in respect of the following criteria:
- Completeness: All actual results and events that should have been recorded have been included in the annual performance report.

The content of the integrated development plan is incomplete

18. The integrated development plan did not include the key performance indicators and performance targets determined in according to its performance management system, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.

Compliance with laws and regulations

Annual financial statements and performance report

19. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1)(a) of the MFMA. Material misstatements of investment, cash and cash equivalent and disclosure items identified by the auditors were subsequently corrected.
20. The annual performance report did not contain a comparison of the performance of the municipality and of each external service provider with development priorities, objectives and performance indicators set out in its integrated development plan, nor did it include measures taken to improve performance, as required by section 46 of the Local Government: Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000).
21. The accounting officer did not make public the council's oversight report on the 2009/10 annual report within seven days of its adoption, as required by section 129(3) of the Municipal Finance Management Act.

Expenditure management

22. The accounting officer did not take reasonable steps to prevent irregular, as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Financial misconduct

23. Disciplinary proceedings were not instituted against officials of the municipality, when investigations warranted such a step, as required by section 171(4)(b) of the Municipal Finance Management Act.



INTERNAL CONTROL

24. In accordance with the PAA and in terms of General Notice No. 1111 of 2010, issued in Government Gazette No. 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, and the findings on compliance with laws and regulations included in this report.

Leadership

25. The accounting officer and delegated officials did not exercise adequate oversight responsibility over financial reporting, compliance with laws and regulations and internal control. In this regard, the financial statements and compliance requirements for predetermined objectives were not adequately reviewed prior to submission for audit.

Financial and performance management

26. Systems are not adequately designed and implemented to facilitate the preparation of quality and reliable performance reports and financial statements. Consequently, decisive actions were not taken to achieve complete and accurate financial and performance reporting and to mitigate the risk of non-compliance with regulatory and reporting requirements.

OTHER REPORTS

Investigation completed during the year

27. An investigation into an alleged financial misconduct by the Municipal Manager and Planning Manager was completed during the financial year

Auditor General

Pietermaritzburg

30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

5.2 Accounting Policies

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

1. Basis of preparation of the Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations



GRAP 101	Agriculture
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosure
IFRS 39	Financial Instruments

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on Generally Recognised Accounting Practice (GRAP) including any interpretations of such Statements issued by the Accounting Practices Board. The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 and Directive 5 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements. A summary of the significant accounting policies which have been consistently applied except where transitional provisions have been granted are disclosed below.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

1.1 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, which is the Municipality's functional currency.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality.

Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.2.2 Subsequent measurement – cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.2.3 Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives: The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. The municipality changed its accounting policy for property, plant & equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.



The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

- GRAP 1 Presentation of Financial Statements – paragraphs 7–8A
- GRAP 9 Revenue from Exchange Transactions – paragraphs 37–38
- GRAP 13 Leases – paragraphs 55–60
- GRAP 17 Property, Plant and Equipment – paragraphs 73–83
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets – paragraph 93–94E
- GRAP 102 Intangible Assets – paragraph 110–118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant & equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant & equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and property, plant & equipment has accordingly been recognised at provisional amounts, as disclosed in 6. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered. Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.3 INVESTMENT PROPERTY

1.3.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property.

However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

1.3.2 Subsequent measurement – cost model

Investment property is measured using the cost model. Under the cost model, investment property is carried at its depreciated revalued amount less impairments at the reporting date. Any gain or loss arising from the revaluation is included in revaluation reserve. The municipality changed its accounting policy for investment property in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

- GRAP 1 Presentation of Financial Statements – paragraphs 7–8A
- GRAP 9 Revenue from Exchange Transactions – paragraphs 37–38
- GRAP 13 Leases – paragraphs 55–60
- GRAP 16 Investment property – paragraphs 63–70
- GRAP 17 Property, Plant and Equipment – paragraphs 73–83
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets – paragraph 93–94E
- GRAP 102 Intangible Assets – paragraph 110–118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.



1.3 INTANGIBLE ASSETS

1.4.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- ◆ The municipality intends to complete the intangible asset for use or sale;
- ◆ It is technically feasible to complete the intangible asset;
- ◆ The municipality has the resources to complete the project; and
- ◆ It is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.4.2 Subsequent measurement – cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.4.3 Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software 5 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The municipality changed its accounting policy for intangible assets in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

- GRAP 1 Presentation of Financial Statements – paragraphs 7–8A
- GRAP 9 Revenue from Exchange Transactions – paragraphs 37–38
- GRAP 13 Leases – paragraphs 55–60
- GRAP 17 Property, Plant and Equipment – paragraphs 73–83
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets – paragraph 93–94E
- GRAP 102 Intangible Assets – paragraph 110–118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where intangible assets was acquired through a transfer of functions, the municipality is not required to measure that intangible asset for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and amortisation assessments will not be considered.



1.5 FINANCIAL INSTRUMENTS

Initial recognition and measurement

1.5.1 Initial recognition

Financial instruments are initially recognised at fair value.

Subsequent measurement

1.5.2 Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost (“other”). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.5.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.5.2.2 Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value.

Amounts that are receivable within 12 months from the reporting date are classified as current. An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.5.2.3 Financial liabilities: trade and other payables from non exchange transactions

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities and are held at cost, as their cost approximates its fair value.

1.5.2.4 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.6 LEASES

1.6.1 Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.



Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term. Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease. The municipality changed its accounting policy for leases in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

- GRAP 1 Presentation of Financial Statements – paragraphs 7–8A
- GRAP 9 Revenue from Exchange Transactions – paragraphs 37–38
- GRAP 13 Leases – paragraphs 55–60
- GRAP 16 Investment property – paragraphs 63–70
- GRAP 17 Property, Plant and Equipment – paragraphs 73–83
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets – paragraph 93–94E
- GRAP 102 Intangible Assets – paragraph 110–118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where leasehold asset was acquired through a transfer of functions, the municipality is not required to measure that leasehold asset for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years' impairment and depreciation assessments will not be considered.

1.6.2 Municipality as lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease.

The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.7 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined. The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount.

That reduction is an impairment loss

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as revaluation decrease. An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:



To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit. A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

The municipality changed its accounting policy for property, plant & equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework. The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

- GRAP 1 Presentation of Financial Statements – paragraphs 7–8A
- GRAP 9 Revenue from Exchange Transactions – paragraphs 37–38
- GRAP 13 Leases – paragraphs 55–60
- GRAP 17 Property, Plant and Equipment – paragraphs 73–83
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets – paragraph 93–94E
- GRAP 102 Intangible Assets – paragraph 110–118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant & equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant & equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and property, plant & equipment has accordingly been recognised at provisional amounts, as disclosed in 6. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

1.7 NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

1.8.1 Initial recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.8.2 Subsequent measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.9 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- ◆ The municipality has a present obligation as a result of a past event;
- ◆ It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- ◆ A reliable estimate can be made of the obligation.

1.10 REVENUE RECOGNITION

1.10.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable. Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.



Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis. Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

1.10.2 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality. Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible Councilors or officials is virtually certain.

1.11 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.12 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Provident Fund (CJPF) to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined contribution funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

1.13 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



1.16 INTERNAL RESERVES

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account.

The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

1.17 GRANTS, TRANSFER AND RECEIPTS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.18 TRANSITIONAL PROVISIONS

Hlabisa Local Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements – paragraphs 7–8A
GRAP 9	Revenue from Exchange Transactions – paragraphs 37–38
GRAP 12	Inventories – paragraphs 45–52
GRAP 13	Leases – paragraphs 55–60
GRAP 16	Investment property – paragraphs 63–70
GRAP 17	Property, Plant and Equipment – paragraphs 73–83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets – paragraph 93–94E
GRAP 102	Intangible Assets – paragraph 110–118

1.19 Value Added Tax

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors where payment has not yet been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.



5.3 Annual Financial Statements

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Note	2011	2010
Assets			
Current Assets			
Inventories	5	1,884	19,217
Trade and other receivables from exchange transactions	6	13,251	27,556
VAT receivable	7	2,624,186	1,545,855
Consumer debtors	8	432,339	988,868
Cash and cash equivalents	9	10,376,633	5,495,829
		13,448,293	8,077,325
Non-Current Assets			
Investment property	2	113,900	113,900
Property, plant and equipment	3	71,307,685	59,177,562
Intangible assets	4	745,568	19,075
Deposits		14,200	14,200
		72,181,353	59,324,737
Total Assets		85,629,646	67,402,062
Liabilities			
Current Liabilities			
Finance lease obligation	10	217,456	351,231
Trade and other payables from exchange transactions	12	7,867,570	5,527,801
Unspent conditional grants and receipts	11	12,530,726	5,008,838
Bank overdraft	9	1,666,095	53,157
		22,281,847	10,941,027
Total Liabilities		22,281,847	10,941,027
Net Assets		63,347,799	56,461,035
Net Assets			
Accumulated surplus		63,347,799	56,461,035

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2011

	Note	2011	2010
Revenue			
Property rates	14	307,113	466,652
Service charges	15	660,448	1,051,973
Property rates – penalties imposed and collection charges		112,535	88,600
Fines		6,282,961	7,884,499
Licences and permits		274,663	301,283
Government grants & subsidies	16	64,818,322	56,840,367
Rental income		192,044	165,893
Sundry Income		276,335	1,147,770
Interest received – investment		895,124	373,020
Total Revenue		73,819,545	68,320,057
Expenditure			
Employee Related costs	19	(14,061,189)	(11,899,264)
Remuneration of councillors	20	(6,885,481)	(7,040,981)
Depreciation and amortisation	21	(2,594,325)	(2,040,135)
Finance costs	22	(32,161)	(42,701)
Debt impairment		(88,932)	(1,099,055)
Repairs and maintenance		(122,078)	(229,634)
Contracted services	24	(2,632,337)	(9,134)
Grants and subsidies paid		(19,517,052)	(9,237,478)
General Expenses	18	(20,830,678)	(15,354,950)
Total Expenditure		(66,764,233)	(46,953,332)
Surplus for the year		7,055,312	21,366,725



STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Accumulated surplus	Total net assets
Balance at 01 July 2009	34,934,033	34,934,033
Changes in net assets		
Grap Conversion Adjustments	160,277	160,277
Net income (losses) recognised directly in net assets	160,277	160,277
Surplus for the year	21,366,725	21,366,725
Total recognised income and expenses for the year	21,527,002	21,527,002
Total changes	21,527,002	21,527,002
Balance at 01 July 2010	56,461,035	56,461,035
Changes in net assets		
Prior period adjustment	(168,548)	(168,548)
Net income (losses) recognised directly in net assets	(168,548)	(168,548)
Surplus for the year	7,055,312	7,055,312
Total recognised income and expenses for the year	6,886,764	6,886,764
Total changes	6,886,764	6,886,764
Balance at 30 June 2011	63,347,799	63,347,799

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
Cash flows from operating activities			
Receipts			
Sale of goods and services		1,216,977	9,549,068
Grants		64,818,322	56,700,805
Interest income		895,124	373,021
Other receipts		7,065,619	-
Other cash item		1,384,425	-
		75,380,467	66,622,894
Payments			
Employee costs		(20,946,670)	(18,940,245)
Community Grant Expenditure		(19,517,052)	(9,237,478)
Consulting and Professional Fees		(7,944,133)	(6,146,066)
Other payments to suppliers		(7,997,361)	(6,599,537)
		(56,405,216)	(40,923,326)
Net cash flows from operating activities	25	18,975,251	25,699,568
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(14,691,219)	(24,583,931)
Purchase of other intangible assets	4	(850,230)	-
Proceeds from sale of investments		-	2,151,463
Movements in Investments		-	2,941,789
Net cash flows from investing activities		(15,541,449)	(19,490,679)
Cash flows from financing activities			
Finance lease payments		(165,936)	(147,111)
Other Adjustments		-	160,281
Net cash flows from financing activities		(165,936)	13,170
Net increase/(decrease) in cash and cash equivalents		3,267,866	6,222,059
Cash and cash equivalents at the beginning of the year		5,442,672	(779,387)
Cash and cash equivalents at the end of the year	9	8,710,538	5,442,672



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2. INVESTMENT PROPERTY

	Cost/ Valuation	2011 Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	2010 Accumulated depreciation and accumulated impairment	Carrying value
Investment property	198,150	(84,250)	113,900	198,150	(84,250)	113,900

Reconciliation of investment property – 2011

	Opening balance	Total
Investment property	113,900	113,900

Reconciliation of investment property – 2010

	Opening balance	Total
Investment property	113,900	113,900

	2011	2010
Buildings – Office parkhome	-	-
Land – erf 339	100,000	100,000
Land – erf 264	11,000	11,000
Land – erf 282	2,900	2,900

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

	2011			2010		
	Cost/ Valuation	Accumulated depreciation and asset adjustments	Carrying value	Cost/ Valuation	Accumulated depreciation and asset adjustment	Carrying value
Land	168,000	-	168,000	168,000	-	168,000
Buildings	6,370,177	(1,417,295)	4,952,882	6,166,311	(1,226,944)	4,939,367
IT equipment	(214,250)	-	(214,250)	-	-	-
Infrastructure	824,508	(210,911)	613,597	824,508	(136,751)	687,757
Community	14,946,521	(2,934,965)	12,011,556	14,946,521	(1,726,674)	13,219,847
Capital work in progress	49,117,451	-	49,117,451	36,026,130	-	36,026,130
Finance leased assets	582,000	(330,717)	251,283	582,000	(330,717)	251,283
Other property, plant and equipment	6,461,608	(2,054,444)	4,407,166	5,065,577	(1,180,399)	3,885,178
Total	78,256,015	(6,948,332)	71,307,685	63,779,047	(4,601,485)	59,177,562

Reconciliation of property, plant and equipment – 2011

	Opening balance	Additions	Depreciation	Total
Land	168,000	-	-	168,000
Buildings	4,939,367	203,866	(477,139)	4,952,882
IT equipment	-	-	-	(214,250)
Infrastructure	687,757	-	(74,160)	613,597
Community	13,219,847	-	(921,503)	12,011,556
Capital work in progress	36,026,129	13,091,322	-	49,117,451
Finance leased assets	251,283	-	-	251,283
Other property, plant and equipment	3,885,180	1,396,031	(997,782)	4,407,166
	59,177,563	14,691,219	(2,470,584)	71,307,685



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

4. INTANGIBLE ASSETS

	Cost/ Valuation	2011 Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	2010 Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	887,895	(142,327)	745,568	37,665	(18,590)	19,075

Reconciliation of intangible assets – 2011

	Opening balance	Additions	Amortisation	Total
Computer software, other	19,075	850,230	(123,737)	745,568

Reconciliation of intangible assets – 2010

	Opening balance	Additions	Amortisation	Total
Computer software, other	26,608		(7,533)	19,075

	2011	2010
Consumable stores	1,884	19,217

6 . TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Other debtors	13,251	13,206
Staff debtors	-	14,350
	13,251	27,556

7. VAT RECEIVABLE

VAT	2,624,186	1,545,855
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

	2011	2010
8. CONSUMER DEBTORS		
Gross balances		
Rates	1,327,575	1,496,227
Refuse	1,028,488	1,327,433
	2,356,063	2,823,660
Less: Provision for debt impairment		
Rates	1,096,522	855,413
Refuse	827,201	979,379
	1,923,723	1,834,792
Net balance		
Rates	1,327,575	640,814
Refuse	1,028,488	348,054
Provision for Bad Debts	(1,923,724)	-
	432,339	988,868
Rates		
Current (0–30 days)	543,455	674,541
31–60 days	295,040	59,950
61–90 days	27,681	34,667
91–120 days	24,425	34,667
121–365 days	436,974	692,401
	1,327,575	1,496,226
Refuse		
Current (0–30 days)	312,655	366,373
31 – 60 days	106,118	111,906
61 – 90 days	73,941	109,160
91 – 120 days	72,141	109,087
121 – 365 days	463,633	630,907
	1,028,488	1,327,433
Reconciliation of debt impairment provision		
Balance at beginning of the year	(1,834,792)	(735,736)
Contributions to provision	(88,932)	(1,099,056)
	(1,923,724)	(1,834,792)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

	2011	2010
9. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	18,084	1,005
Bank balances	316,921	2,553,035
Short-term deposits	10,041,628	2,941,789
	10,376,633	5,495,829
Bank Overdraft	(1,666,095)	(53,157)
Current assets	10,376,633	5,495,829
Current liabilities	(1,666,095)	(53,157)
	8,710,538	5,442,672
10. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
– within one year	232,386	160,757
– in second to fifth year inclusive	42,875	231,672
	275,261	392,429
less: future finance charges	(57,805)	(41,198)
Present value of minimum lease payments	217,456	351,231
11. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent conditional grants and receipts		
Anti-Corruption Strategy	74,500	74,500
Hlabisa Sewerage System Project	4,069,782	-
National Electrification Program	2,129,027	-
Corridor Development	1,425,041	1,407,449
Finance Management Grant	(596,493)	(687,356)
MIG	1,319,583	1,394,912
DOH – Disaster Management Grant	1,267,785	1,267,785
DPLG – MSIG	(498,713)	165,120
Library Grant	998,384	787,823
Project Consolidate – Water Rectification	(544,881)	(453,994)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

	2011	2010
11. UNSPENT CONDITIONAL GRANTS AND RECEIPTS (continued)		
Housing Grant	253,759	253,759
Project Consolidate	240,446	240,446
DOH – Community Gardens	202,298	202,298
DTLGA – Informal Trading	(200,000)	(200,000)
PMS Grant – DC 27	(198,044)	(198,044)
Sinavuma Cultural Village	187,614	187,614
Project Consolidate – Waste Dump	(174,274)	(174,274)
Internal Control Units	1,882	150,000
LUMS Grant	114,688	114,688
SDL	80,686	169,799
MDPC Grant	(8,949)	65,301
PMS Grant	-	62,000
Mpembeni Game Lodge	54,203	54,203
Zampilo Tourism Centre	(48,454)	(48,454)
IDP Grant – DC 27	(38,172)	(38,172)
Community Initiative Grant	42,452	42,452
Public Participation	-	36,858
LED Projects – Internal	-	33,606
Property Rates Grant	33,125	33,125
Municipal Development Plan	12,399	12,399
IDP Grant	9,922	9,922
DTLGA – Community Development	9,011	9,011
GIS Grant	8,619	8,619
Shikishela Creche	8,346	8,346
Hlabisa Town Beautification	2,279,575	-
Unspent grant 37	(1,518)	-
Computer Grant	54	54
DC 27 – Voter registration	2,000	2,000
DOH Socio economic grant	4,676	4,676
DTLG Finance management grant	1,518	1,518
Inter-Government department monitoring	4,677	4,677
Mpembeni Health centre	4,172	4,172
	12,530,726	5,008,838



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

	2011	2010
12. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	6,698,585	4,322,809
Other payables	-	2,295
Deposits received	9,325	11,948
Leave provisions	908,230	961,116
Annual bonus provision	251,430	229,633
	7,867,570	5,527,801

13. REVENUE

Property rates	307,113	466,652
Property rates – Penalties imposed and collection charges	112,535	88,600
Service charges	660,448	1,051,973
Fines	6,282,961	7,884,499
Licences and permits	274,663	301,283
Government grants & subsidies	64,818,322	56,840,367
	72,456,042	66,633,374

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	660,448	1,051,973
Licences and permits	274,663	301,283
	935,111	1,353,256

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	307,113	466,652
Property rates – Penalties imposed and collection charges	112,535	88,600
Fines	6,282,961	7,884,499

Transfer revenue

Levies	64,818,322	56,840,367
	71,520,931	65,280,118

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

	2011	2010
14. PROPERTY RATES		
Rates received		
Municipal	307,113	466,652
Property rates – penalties imposed and collection charges	112,535	88,600
	419,648	555,252
15. SERVICE CHARGES		
Refuse removal	660,448	1,051,973
16. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	39,264,974	31,051,345
Conditional and other grants	25,553,348	25,789,022
	64,818,322	56,840,367
17. OTHER REVENUE		
Rental income – third party	192,044	165,893
Sundry income	276,335	1,147,770
	468,379	1,313,663
18. GENERAL EXPENSES		
Advertising	540,152	595,805
Auditors remuneration	2,339,461	1,546,716
Bank charges	94,074	28,328
Cleaning	32,618	(707)
Consulting and professional fees	7,944,133	6,146,066
Consumables	51,588	17,952
Entertainment	236,001	146,220
Fines and penalties	7,766	6,154
Insurance	879,533	214,683
Community development and training	1,346,518	-
Lease rentals on operating lease	260,161	98,503



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

	2011	2010
18. GENERAL EXPENSES (continued)		
Fuel and oil	990,603	974,188
Postage and courier	461,496	529,300
Printing and stationery	144,818	162,192
Promotions	126,293	-
Royalties and license fees	45,002	4,891
Security (Guarding of municipal property)	645,339	591,690
Subscriptions and membership fees	122,604	15,992
Training	188,636	109,517
Utilities – Other	252,617	348,952
Uniforms	30,799	6,141
Tourism development	115,647	-
Administration Expenses	411,401	426,089
General	1,047,770	1,472,789
Subsistence & Travel	2,237,013	1,624,288
Sports	278,635	289,201
	20,830,678	15,354,950

19. EMPLOYEE RELATED COSTS

Basic	8,485,059	7,818,683
Bonus	573,040	393,520
Medical aid – company contributions	311,274	243,019
UIF	87,329	71,427
SDL	117,024	154,892
Post-employment benefits – Pension – Defined contribution plan	781,938	403,453
Travel, motor car, accommodation, subsistence and other allowances	999,527	861,088
Overtime payments	1,000,505	536,734
Housing benefits and allowances	1,045,357	893,216
Telephone, cell allowances	608,377	187,747
Industrial Council	72,976	(5,828)
Leave	(21,499)	341,313
Workmens Compensation	282	-
	14,061,189	11,899,264

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

	2011	2010
19. EMPLOYEE RELATED COSTS (continued)		
Remuneration of municipal manager		
Annual Remuneration	388,875	361,981
Car Allowance	144,755	286,959
Contributions to UIF, Medical and Pension Funds	34,299	7,322
Other Allowances	137,517	-
Other	19,963	-
	725,409	656,262
Remuneration of chief finance officer		
Annual Remuneration	372,252	345,961
Car Allowance	113,792	236,037
Contributions to UIF, Medical and Pension Funds	46,159	6,761
Other Allowances	114,356	-
Other	30,388	-
	676,947	588,759
Corporate and Human Resources (Corporate Services)		
Annual Remuneration	367,347	341,572
Car Allowance	101,329	289,738
Contributions to UIF, Medical and Pension Funds	20,517	7,117
Other Allowances	137,667	-
Other	72,821	-
	699,681	638,427
Planning		
Annual Remuneration	360,242	274,828
Car Allowance	135,361	297,510
Contributions to UIF, Medical and Pension Funds	1,497	6,725
Other Allowances	104,800	-
Other	57,365	-
	659,265	579,063



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

	2011	2010
19. EMPLOYEE RELATED COSTS (Continued)		
Community Services		
Annual Remuneration	215,961	345,899
Car Allowance	31,190	208,395
Contributions to UIF, Medical and Pension Funds	1,458	6,498
Other Allowances	51,912	-
Other	14,864	-
	315,385	560,792
20. REMUNERATION OF COUNCILLORS		
Executive Mayor	230,789	314,644
Deputy Mayor	231,137	425,763
Executive Committee	821,382	861,844
Speaker	394,952	215,464
Councillors	3,689,651	3,149,384
Councillors Allowances	1,517,570	2,073,882
	6,885,481	7,040,981
21. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	2,594,325	2,032,602
Intangible assets	-	7,533
	2,594,325	2,040,135
22. FINANCE COSTS		
Finance leases	32,161	42,701
23. AUDITORS' REMUNERATION		
Fees	2,339,461	1,546,716
24. CONTRACTED SERVICES		
Other Contractors	2,632,337	9,134

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

	2011	2010
25. CASH GENERATED FROM OPERATIONS		
Surplus	7,055,312	21,366,725
Adjustments for:		
Depreciation and amortisation	2,594,325	2,040,135
Finance costs – Finance leases	32,161	42,701
Debt impairment	88,932	1,099,055
Appropriations	(168,548)	-
Other non-cash items	90,509	-
Changes in working capital:		
Inventories	17,333	(19,217)
Trade and other receivables from exchange transactions	14,305	639,424
Consumer debtors	467,597	(1,511,752)
Trade and other payables from exchange transactions	2,339,768	2,867,332
	(1,078,331)	(685,273)
Unspent conditional grants and receipts	7,521,888	(139,562)
	18,975,251	25,699,568

26. COMMITMENTS

Authorised capital expenditure

Already contracted for but not provided for

Property, plant and equipment	26,915,283	15,988,567
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This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

27. CONTINGENCIES

The Municipality is in litigation with Mguni Wells cc over the construction of the city hall. The amount in question is R763 78.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

2011

2010

28. RISK MANAGEMENT

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2011 and 2010 respectively were as follows:

Total borrowings

Finance lease obligation	10	217,456	351,231
Less: Cash and cash equivalents	9	10,376,633	5,495,829
Net debt		(10,159,177)	(5,144,598)
Total equity		63,347,799	56,461,035
Total capital		53,188,622	51,316,437

Financial risk management

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures are reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 38.7 below). No formal policy exists to hedge volatilities in the interest rate market.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

28. RISK MANAGEMENT (continued)

Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term debtors, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 33 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk. (cash)

The municipality has access to financing facilities, the total unused amount which is R1,477,659 at the balance sheet date.

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The municipality expects to maintain current debt to equity ratio. This will be achieved through increasing tariffs and the increased use of unsecured bank loan facilities.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas.

Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavored to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment/discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

28. RISK MANAGEMENT (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

29. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

30. EVENTS AFTER THE REPORTING DATE

The council resolved that the settlement agreement between Mr. T.V Mkhize and the Council of the Hlabisa Municipality is that of:

- Without the admission of liability the council will pay Mr T.V Mkhize the sum of R356 450.86 (less appropriate tax deductions) in full and final settlement.

	2011	2010
31. UNAUTHORISED EXPENDITURE		
Unauthorised expenditure	-	7,554,407

32. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure – opening balance	6,154	6,154
Add: Fruitless and wasteful expenditure – current year	8,632	-
	14,786	6,154

Fruitless Expenditure of R8 631.78 for penalties/mayor and council.

33. IRREGULAR EXPENDITURE

Add: Irregular Expenditure – current year	489,666	2,400
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (cont'd)

34. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT PAYE and UIF

VAT

VAT receivable	2,624,186	1,545,855
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VAT output payables and VAT input receivables are shown in note.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

During the year, no councillors had rates in arrears.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Other	350,670	-
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5.4 Comments on the Annual Financial Statements

The 2010/2011 Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention.

The 2010/2011 Annual Financial Statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice as prescribed by the Minister of Finance in terms of Government Gazette Number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directive 4 and 5 issued by the Accounting Standard Board (“ASB”) in February 2010.

The Municipality changes an accounting policy only if the change:

- ◆ Is required by a Standard of GRAP; or
- ◆ Results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

The details of any resulting changes in accounting policy and comparative restatements are set in paragraphs 1.1, 1.3, 1.4, 1.6 & 1.7 of the accounting policies for the year ended 30 June 2011, which forms part of the Annual Financial Statements.

The quality of the Annual Financial Statements was commensurate with that of a medium capacity Municipality and no material changes to the statements were required by the Office of the Auditor-General. Thus, I have no doubt that the Annual Financial Statements are a true reflection of the financial performance and position of Hlabisa Municipality.

Financial Viability reflects the ability of the Municipality to generate sufficient own revenue to meet its operating expenditure. The following information is presented on the financial viability of Hlabisa Municipality:

	2008/2009	2009/2010	2010/2011
Rate of Consumer Debtors			
– Collection rate on Billings	243.30%	85.98%	15.01%
– Debt over 90 days	42.32%	51.96%	51.62%
Grants as a % of Revenue Received	88.33	83.20	87.81
Debt Coverage Ratio	30.67:1	60.48:1	45.44:1
Cost Coverage Ratio	1.36:1	1.39:1	1.57:1
Audit Opinion	Unqualified	Unqualified	Qualified

Table 16: Financial Viability

The regression from the unqualified audit opinions that has been sustained by the Municipality for the past two years to the qualified audit opinion during the reporting year was attributable to community assets amounting to R10,459 million that the Auditor-General was unable to verify the existence of. The Municipality submitted the required evidence late and the Auditor-General could not come back to verify the existence of these assets.

The findings by the Auditor-General revealed that majority of the Assets were not properly described in the asset register and did not have bar codes. In response, the management will ensure that all assets will be bar coded and recorded in the asset register. The asset register will be reviewed and updated on a quarterly basis

5.5 Assessment by the Accounting Officer on Arrears

Trade receivables amount to R3 069 776 as at 30 June 2011 representing a 16.53% increase since 2010 (R2 562 279).

From the information presented in table 16, it is evident that the collection rate of consumer debtors has deteriorated, whilst debtors older than 90 days has stabilized. However, it must be borne in mind that the Municipality serves a largely rural community where unemployment and poverty is high. This is also confirmed by the dependency on Grant Income.



5.6 Management Responses to the Auditor-General's Report

ASSETS WEAKNESSES IDENTIFIED

Audit finding

Section 63 of the MFMA has reference in this regard. The ensuing weaknesses were noted on asset management, which compromised internal controls over property, plant and equipment:

- ◆ The following assets were not properly described in the asset register and no explanation could be furnished by management to indicate and describe these assets, consequently their existence could not be verified:

Asset Code	Description	Purchase Date	Opening Cost	Total depreciation	Book Value
HL0010032	Community Assets	2006/03/31	12 068 423.85	1 630 020.89	10 438 402.96

- ◆ During the verification of assets that were selected from asset register for the different hall, code HL0010483 to HL0014320, it was noted that assets did not bear any bar codes. These assets amount to R583 922,41. Consequently, we were unable to verify the existence of the assets as assets cannot be matched to the register.
- ◆ The following assets could not be verified:

Description	Reason
DSTV Decoder	The asset cannot be located
HL Loud Hailers	The asset cannot be located
3 Plates Gas Stoves	The asset cannot be located
3 Plates Gas Stoves	The asset cannot be located

- ◆ The following are examples of the assets that did not have bar codes

Description	Purchase date	Custodian	Purchase Cost
Lenovo laptop	29/03/2011	MVM Mbatha	R8 836.00
Acer 3273	12/20/2006	B Sibiyi	R11 794

- ◆ Furthermore, it was noted that not all asset numbers are unique. The following serves as examples where asset share the asset number:

Asset Number	Description n the asset register	Number of assets	List of assets
HL0010462	Car siren and radio	4	2 car radios for vehicles NHL 18635 and NHL 18636; car sirens for the two vehicles
HL10465	3 computer sets	6	3 desktops and 3 hard drives

- ◆ The following asset is not in the working condition yet is still on the asset register

Description	Reason
Perkin 1500 Generator	Asset was replaced

Internal control deficiency

Municipality does not have a complete and accurate asset register to support financial and performance reporting

Recommendation

- ◆ Management should ensure that all assets are bar coded and recorded on the asset register, and updated regularly to ensure accurate records of assets.
- ◆ Anomalies between the asset registers and financial statements should be followed up and coupled by remedial action, where necessary.

Management response

All assets will be recorded in the asset register and will be bar coded and the register will be updated on quarterly basis.

Auditor's conclusion

Community asset could not be verified for existence resulting into limitation of scope on the property, plant and equipment disclosed in the financial statements.



FRUITLESS AND WASTEFUL EXPENDITURE INCURRED

Audit finding

The accounting officer did not take reasonable steps to prevent fruitless and wasteful expenditure amounting to R8 631.78, as required by section 62(1)(d) of the Municipal Finance Management Act. Furthermore, the fruitless and wasteful expenditure incurred during the prior year amounting to R6 154 has not been recovered nor written off.

Internal control deficiency

Municipality does not have adequate controls to ensure that payments are made timeously.

Recommendation

Management must record the invoice receipts date on the register, and weekly follow-up to ensure that they are paid within 30 days. Furthermore, where there are dispute the dispute needs to be documented and attached to the voucher.

Management response

Invoice register is in place and will be reviewed on monthly basis.

Auditor's conclusion

The disclosure was made on the annual financial statements, however, this matter will be reported as the accounting officer did not take effective steps to prevent fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.

PROHIBITED AWARDS RESULTING INTO IRREGULAR EXPENDITURE

Audit finding

Paragraph 44 of the SCM regulation, prohibits awards to the following people:

- ◆ He/she is in the service of state or has been in the service of state for the previous twelve (12) months;
- ◆ If the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholders is in the service of the state, or has been in the service of the state in the previous twelve (12) months;
- ◆ Who is an advisor or consultant contracted with the municipality or municipal entity.

However, during our verification it was noted that the municipality did made such awards in contravention of the above regulation resulting in the irregular expenditure amounting to R282 150 being incurred:

Company Name	Surname	Initials	Dept Description	Amount
Masiqhame Trading 136 CC	MKHWANAZI	PV	South African Police Service	R273 000
Ashay'Amambo Multi Services CC	MKHIZE	MS	Kwazulu Natal: Education & Culture	R9 150

Internal control deficiency

The municipality does not have a system in place to ensure that suppliers make the necessary declarations before awards are made.

Recommendation

- ◆ Management must develop a system where all suppliers will be compelled to declare interest.
- ◆ Furthermore these disclosures need to be verified to ensure that they are complete and correct.

Management response

Management will investigate the issue of mentioned employees that they did not declare their interests to the accounting officer as well as bids awarded to persons in the service of the state.

Auditor's conclusion

The disclosure was then made on the annual financial statements, however, this matter will be reported as the accounting officer did not take effective steps to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

AWARDS MADE TO SUPPLIER THAT DID NOT DECLARE

Audit Finding

Contrary to paragraph 13.1(c) of the SCM regulation, the following awards were made by the Municipality during the financial year. However, there was no evidence that the suppliers declare the following resulting into an irregular expenditure amounting to R207 516 being incurred:

- ◆ Whether he/she is in the service of state or has been in the service of state for the previous twelve (12) months;



- ◆ If the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholders is in the service of the state, or has been in the service of the state in the previous twelve (12) months;
- ◆ Whether the spouse, child or parent of the provider or a director, manager, shareholder or stakeholder of a provider who is a company or cc, is in the service of the state or has been in the service of the state for the previous twelve (12) months.

Date	Supplier	Amount
16/05/2011	Masiqhame Trading(security services with month to month extension of contract)	21,000.00
06/10/2010	Phezulu Trading	23,583.70
30/03/2011	USB Executive Development Ltd (management course)	12,000.00
08/12/2010	Mr. TC Mdladla (construction)(disaster management)	27,832.50
14/12/2010	Upper Hlabisa Taxi Association	12,500.00
02/09/2010	Mbali Investments cc	25,500.00
29/09/2010	Phangela trading	14,000.00
05/10/2010	Sinempumelelo Investment	13,100.00
02/09/2010	Luso & Twinz Trading	27,500.00
07/09/2010	Zikhaphela Trading	20,000.00
20/08/2010	Imbizo Transport	10,500.00
		207,516.20

Internal control deficiency

- ◆ Adequate policies and procedures as well as processes are not in place to prevent, detect and correct instances of irregular expenditure.
- ◆ Possible conflict of interest with suppliers, and related parties were not determined before awarding tenders/accepting quotations.

Recommendation

- ◆ The accounting officer is required to identify and disclose all irregular expenditure in the financial statements, relating to transactions with these suppliers.
- ◆ All legislated processes must be adhered to in terms of section 32 of the MFMA for reporting and investigating the irregular expenditure.

Management response

Agree with the finding Irregular expenditure has been disclosed correctly in the financial statements.

Auditor's conclusion

The disclosure was then made on the annual financial statements, however, this matter will be reported as the accounting officer did not take effective steps to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

OVERSIGHT REPORT NOT MADE PUBLIC**Audit Finding**

The accounting officer did not make public the council's oversight report on the 2009/10 annual report within seven days of its adoption, as required by section 129(3) of the Municipal Finance Management Act.

Internal control deficiency

The municipality does not controls necessary to ensure that compliance is adhered to.

Recommendation

Management must introduce the checklist for all material laws and regulation and review it during monthly management meetings.

Management response

Agree with the findings, compliance checklist will be developed and follow ups on it will be done monthly during the MANCO meetings.

Auditor's conclusion

This matter will be reported as the accounting officer failed to comply with the said regulation.

DISCIPLINARY PROCEDURE NOT FOLLOWED**Audit Finding**

Disciplinary proceedings were not instituted against officials of the municipality, when investigations warranted such a step, as required by section 171(4)(b) of the Municipal Finance Management Act.



It was noted that the municipality did comply with the disciplinary procedures and the above legislation in the allegation of misconduct against the former municipal manager and the former senior manager in that it did not:

- ◆ after receipts of the forensic report by Phumlani Mkhize and associates table it before the municipal council in the manner and within the timeframe,
- ◆ considered the said report or institute disciplinary proceedings against the implicated officials by way of a resolution which includes:
 - Include a determination as to whether the alleged misconduct is of a serious or a less serious nature;
 - Authorize the mayor, in the case of municipal manager, or municipal manager, in the case of the manager, directly accountable to the municipal manager to appoint an independent and external presiding officer; and an officer to lead evidence; and sign the letters of appointment.

Furthermore, it was noted that municipality entered into a settlement agreement with the municipal manager, amounting to R356 450.86 without the admission of guilt, this resolution was after the year-end and has been adequately disclosed in the annual financial statements.

The other implicated senior manager was suspended with full pay however, because the municipality did not follow the proper processes he was re-instated and has since resigned.

Internal control deficiency

- ◆ The municipality does not have control to track and ensure all related laws and regulations relating to human resource management are complied with.
- ◆ The disciplinary procedures were not adequately communicated to the employees.

Recommendation

- ◆ Disciplinary procedure must be communicated to all affected employee and a copy must be furnished to all employees.
- ◆ Employees must acknowledge in writing that they understand the disciplinary procedures
- ◆ The said report needs to be submitted to council

Management response

Disciplinary procedure will be communicated to all employees and all employees will be given a copy of the disciplinary procedures and they will be requested to sign the copy to acknowledge that they understand the disciplinary procedures.

Auditor's conclusion

This matter will be reported as the accounting officer failed to comply with the said regulation.

OBJECTIVES PER IDP NOT REPORTED ON**Audit Finding**

Section 41 of The Local Government Municipal Systems Act No 32 of 2000, bears reference, a review of the IDP – basic service delivery and infrastructure development indicated that the following key performance indicators were not included in the SDBIP and were not reported on in the APR:

OBJECTIVE	INDICATOR	TARGET
Support and engage the district and other service agencies in the implementation of projects.	Number of bankable business plans for prioritized projects per annum. Quarterly progress reports on business plans developed.	To have 25% bankable business plans for prioritized projects annually.
Identify and implement electrification projects.	Monthly reports and annual close out report on prioritized projects.	100% commitment of the available budget on prioritized projects per annum.
Roads and Storm water management.	100% alignment of the IDP and the RRTF Plan.	To have priorities of the Rural Road Transport Forum be 100% IDP-driven.
Roads and Storm water management.	Condition of storm water system.	To have a proper storm water management system by the second quarter of the financial year.
Facilitate the development of public facilities.	Close out reports on all completed projects.	100% completion of all prioritized crèches and community halls prioritized and have committed funding.
Facilitate the development of public facilities.	Expenditure according to initial plan.	Balancing the scope of work done and expenditure per projects.
Facilitate the development of public facilities.	Number of SLAs signed.	Entering into Service Level Agreements with service providers stipulating milestones on each project.
Expedite the implementation of the housing projects.	Reviewed Housing Sector Plan adopted by Council.	To have a reviewed Housing Sector Plan annually.



Internal control deficiency

Pertinent information is not identified and captured in a form and time frame to support financial reporting.

Recommendation

Management should ensure consistency between the IDP, SDBIP and APR.

Management response

Pertinent information will be identified and captured correctly and in time to support financial reporting and there will be consistency between IDP, SDBIP and APR.

Auditor's conclusion

This matter will be reported as the accounting officer failed to comply with the said regulation.

KEY PERFORMANCE INDICATORS

Audit finding

Section 42 of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000) provides inter alia that municipality, through appropriate mechanisms, processes and procedures established, must involve the local community in the development, implementation and review of the municipality's performance management system and, in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality. Regulation 9.(1)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 provides inter alia that a municipality must set key performance indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and objectives referred to in section 26.(c) of the Act;

- ◆ The IDP does not include input indicators, output indicators and outcome indicators in respect of each development priorities and objectives.

Internal control deficiency

Inadequate controls are in place over the recording and safeguarding of pertinent information.

Recommendation

Management should ensure that the IDP contains input indicators, output indicators and outcome indicators for each development priorities and objectives.

Management response

Agree with the finding, IDP will be reviewed and it will contain input indicators, output indicators and outcome indicators for each development priorities and objectives.

Auditor's conclusion

This matter will be reported as the accounting officer failed to comply with the said regulation.

THE CONTENT OF THE INTEGRATED DEVELOPMENT PLAN IS INCOMPLETE**Audit Finding**

The integrated development plan did not include the performance targets determined in according to its performance management system, as required by sections 26(i) and 41(1) (b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.

The following serves as example:

OBJECTIVE	INDICATOR
Facilitate the preparation of a Five Year Integrated Development Plan.	Adoption of the IDP in time.
Facilitate the preparation of a Five Year Integrated Development Plan.	IDP budget alignment.

Internal control deficiency

Pertinent information is not identified and captured in a form and time frame to support financial reporting.

Recommendation

Management should ensure that for each objective there is a set target which not under utilizing the municipal resources but also realistic and achievable.

Management response

Agree to finding, IDP will be reviewed during IDP review and it will include performance targets that will be measurable and achievable.

Auditor's conclusion

This matter will be reported as the accounting officer failed to comply with the said regulation.



PLANNED TARGETS ARE NOT TIME BOUND

Audit Finding

The following planned targets were not time-bound in specifying the time period or deadline for delivery:

OBJECTIVE	INDICATOR	TARGET
Roads and Storm water management.	Signed certificates of completion.	100% implementation of prioritized projects with committed funding.
Facilitate the development of public facilities.	Reports on facilities developed and/or upgraded through MIG funding.	100% utilization of MIG allocation on the implementation of sports and recreational facilities.
Promote and encourage Community based tourism.	Level of community participation in tourism projects.	To have the Tourism Development Plan in place.
Promote and encourage Community based tourism.	Level of community participation in tourism projects.	100% operation of the Tourism Information Office.
Participation in various coordinating structures.	Meetings held as per annual schedule.	100% representation of Hlabisa Municipality in scheduled District IGR Forums.

Internal control deficiency

Information required to implement internal control is not available to personnel to enable internal control responsibilities.

Recommendation

Timelines should be set for all targets in order to assess and compare time taken to complete a certain objective against time budgeted for, and address the delays timely.

Management response

Agree to finding, planned targets will be reviewed during IDP review and will be time bound to avoid time delays that can lead to non performance of activities planned.

Auditor's conclusion

This matter will be reported as the accounting officer failed to comply with the said regulation.

The Constitution of the Republic of South Africa, Act No. 108 of 1996, places an obligation on Local Government to deliver quality services to the community and focus on development and accountability. Thus, the preparation of the annual performance report is to enable the Council of Hlabisa Municipality, Government sector departments, the community and other stakeholders to evaluate the progress that has been made by the Municipality towards accelerating service delivery and promotion of economic development.

The preparation of this report is supported by the provisions of the:

- ◆ Local Government Municipal Systems Act No. 32 of 2000;
- ◆ the Local Government Municipal Structures Act No. 117 of 1998;
- ◆ The Municipal Finance Management Act No. 56 of 2003; and
- ◆ The Constitution of the Republic of South Africa, Act No. 108 of 1996.

Furthermore, the report is central to the vision and developmental goals of the Municipality from which the IDP strategic objectives, as well as development strategies were developed.

Therefore, the mandate of the Council of Hlabisa Municipality will only be derived from meeting the needs of its communities, the implementation of its Integrated Development Plan (IDP), as well as the implementation of all Council resolutions within specified and reasonable time frames.

The performance report will reflect the overall performance of activities undertaken by the Municipality in terms of the following five (5) National Key Performance Areas (KPA's):

- ◆ Basic Service Delivery;
- ◆ Municipal Institutional Development & Transformation;
- ◆ Financial Management & Viability;
- ◆ Good Governance & Public Participation; and
- ◆ Social & Local Economic Development.

6.1 DEPARTMENTAL PERFORMANCE REPORT

6.1.1 OFFICE OF THE MUNICIPAL MANAGER

KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To facilitate the delivery of basic services in an effective and efficient manner	Participate in all service delivery planning programmes undertaken by the District.	Total number of meetings attended and attendance registers.	The official from Executive Department represented the municipality to the meeting coordinated by the District Disaster Forum on the 12th of August 2009, the Municipal Managers Forum on the 13th of August 2009, District Mayors Coordinating Forum on the 05th of February 2010 and the Municipal Managers Coordinating Forum on the 18th of May 2010.	Four meetings attended.	100%	Mr M.J. Mdlosse from Executive Department represented the municipality to the meeting coordinated by the District Disaster Forum on the 28th of July 2010, the Municipal Managers Forum on the 2nd of July 2010, and District Mayors Coordinating Forum on the 20th of July 2010 and the Municipal Managers Coordinating Forum on the 12th of August 2010 and 17 November 2010. Target achieved.
	Monitor the provision of services by the District and other Agencies.	Monthly report back on DC projects and monthly reports to the MM.	Two officials from Executive Department represented the Municipality to the workshop coordinated by DC 27 on the implementation of the OPMS, preparation of the Annual report and Performance Auditing on the 27th and 28th of August 2009 and the Joint Exco meeting coordinated by the District and the office of Cooperative Governance & Traditional Affairs on the 12th of October 2009. The Municipal Manager attended the KZN Chapter 9 institute District Launch on the 11th of February 2010.	Four meetings attended.	100%	The Municipal Manager attended the Extended Technical Premiers Coordinating Forum on the 29th July & 16 August 2010, also attended the IMFO Conference @ Durban on the 5th & 6th of October 2010. Target achieved.

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6.1.1 OFFICE OF THE MUNICIPAL MANAGER

KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To facilitate the delivery of basic services in an effective and efficient manner (cont'd)	Assist the District Municipality with the identification and prioritization of projects.	List of priority projects approved by the MM and relevant Council structures and forwarded to DC.	There was no list forwarded or invitation from the District for the whole year.	List of priority projects presented to Council for adoption.	0%	There was no list forwarded or invitation from the District for the whole year. Target not achieved.

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6.1.1 OFFICE OF THE MUNICIPAL MANAGER						
KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To promote social development	Develop capacity to manage disaster management programs (Disaster forums, Disaster plans workshop and awareness).	4 Disaster forum meetings held in the year.	The SDBIP indicates that Disaster Forum meetings should sit on quarterly basis. However, no meetings were held during the 2009/2010 financial year.	4 Disaster Forum meetings.	25%	The SDBIP indicates that Disaster Forum meetings should sit on quarterly basis. However, only one meeting sat on the 29th of September 2010. Target not achieved.
		Disaster plans presented to council.	The SDBIP indicates that the KPI should be achieved by the third quarter ending 31 March 2010. The target was not achieved because the disaster plan was not established.	Disaster Management Plan presented to Council for adoption.	0%	The SDBIP indicates that the KPI should be achieved by the third quarter ending 31 March 2011. The target was not achieved, only the disaster framework that was developed. Target not achieved.
		2 workshops/campaigns conducted.	The SDBIP indicates that the KPI should be implemented during the second and third quarter of the financial year. However, no workshops and/or campaigns have been conducted during 2009/2010 financial year.	2 campaigns per year.	0%	The SDBIP indicates that the KPI should be implemented during the second and third quarter of the financial year. Target not achieved.



Functional Area Service Delivery Report

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6.1.1 OFFICE OF THE MUNICIPAL MANAGER

KPA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT

Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To facilitate integrated development	Preparation of a five year Integrated Development Plan and Annual review thereafter.	Presentation of the five year Integrated Development Plan to council for adoption.	The KPI indicates that this target should be achieved by the quarter ending 30 June 2010. The target was achieved because the IDP was presented to council and submitted to COGTA.	IDP Document.	100%	The KPI indicates that this target should be achieved by the quarter ending 30 June 2011. The target was achieved because the IDP was presented to council and submitted to COGTA. Target achieved.
	Aligning budget to the IDP.	Presentation of the IDP aligned budget to council for adoption.	The SDBIP indicates that this target should be achieved by the quarter ending 30 June 2010. The target was achieved because the IDP aligned to Budget was presented to council.	IDP Document.	100%	The SDBIP indicates that this target should be achieved by the quarter ending 30 June 2011. The target was achieved because the IDP aligned to Budget was presented to council. Target achieved.
Lead, direct and manage staff and resources so that department is able to attain its performance targets	Staff meetings held on a bi-monthly basis.	Minutes of meetings.	The target on this KPI is three meetings per quarter and the KPI was not met since the Executive Department had four meetings in all four quarters.	8 staff meetings held.	50%	The target on this KPI is two meetings per quarter and the first meeting was on the 29th of July 2010, the second one was on the 20th of September 2010 and on the 8th & 9th of October 2010. Target achieved.
	Every employee to have a role description. And a weekly work plan.	Signed role descriptions for all employees.	The target on the KPI was not met because not all employees with the Executive Department have signed job descriptions.	All employees with signed job descriptions.	100%	The target on the KPI was met because all employees' job descriptions have been signed. Target achieved.

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6.1.1 OFFICE OF THE MUNICIPAL MANAGER						
KPA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Lead, direct and manage staff and resources so that department is able to attain its performance targets (<i>cont'd</i>)	Management of overtime.	Departmental monthly report to ManCo.	The target on this KPI was not met since the reports were not submitted to the Senior ManCo for approval.	12 reports submitted to ManCo.	0%	The target on this KPI was not met since the reports were not submitted to the Senior ManCo for approval. Target not achieved.
	Management of absenteeism.	Departmental monthly report to ManCo.	The target on this KPI was not met since reports were not submitted to the Senior ManCo for approval.	12 reports submitted to ManCo.	0%	The target on this KPI was not met since reports were not submitted to the Senior ManCo for approval. Target not achieved.
	Management of leave.	Departmental monthly report to ManCo.	The target on this KPI was not met since no reports were submitted to Senior ManCo.	12 reports submitted to ManCo.	0%	The target on this KPI was not met since no reports were submitted to Senior ManCo. Target not achieved.
	Identification of staff development needs.	Skills development plan for the department.	The SDBIP indicates that the KPI should be implemented by the quarter ending 31-Mar-010. The skills development plan was formulated and submitted.	Departmental skills development in place.	100%	The SDBIP indicates that the KPI should be implemented by the quarter ending 31-Mar-011. The skills development plan was formulated and submitted. Target achieved.
To promote integrated, coordinated and sustainable development performance management system	Attendance of IDP meetings.	Minutes of meetings.	The target on this KPI was achieved since the IDP Representative Forum sat on the 17th of August 2009, the 11th of November 2009, the 10th of February 2010 and on the 28th of April 2010.	4 IDP Representative Forum meetings held.	100%	The target on this KPI was achieved since the IDP Representative Forum sat on the 10th of November 2010, the 20th of November 2010, the 16th of February 2011 and on the 20th of April 2011. Target achieved.



Functional Area Service Delivery Report

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6.1.1 OFFICE OF THE MUNICIPAL MANAGER

KPA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT

Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To promote integrated, coordinated and sustainable development performance management system (cont'd)	Attendance of IDP steering committee meeting.	Minutes of meetings.	The target on this KPI was not achieved since the IDP Steering Committee sat on the 10th of August 2009 and on the 19th of October 2009 only, there were no sittings of the IDP steering committee during the last two quotas.	4 IDP Steering Committee meetings held.	100%	The target on this KPI was achieved since the IDP Steering Committee issues are being discussed to senior management committee. Target achieved.
	Inputs on the development of performance indicator.	Attendance of strategic planning meetings.	The SDBIP shows that the target on this KPI should be achieved on quarterly basis; we had one strategic meeting on the period covered by this report that was held on the 06th and 7th of November 2009. During the last two quotas there were no meetings took place.	4 Strategic Planning meetings attended.	0%	The SDBIP shows that the target on this KPI should be achieved on quarterly basis; we hadn't any strategic meeting for the whole municipal financial year. Target not achieved.

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6.1.1 OFFICE OF THE MUNICIPAL MANAGER						
KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measure-	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To promote good governance	Participation in the District IGR Forum.	District IGR forum meetings attended.	The Municipal Manager represented the Municipality to the Municipal Managers Forum coordinated by DC 27 on the 13th of August 2009 also attended the IMFO Conference @ Ekurhuleni on the 4th of October 2009, attended the Chapter 9 institute district launch on the 11th of February 2010 and MM's Forum on the 18th May 2010.	4 IGR District Meetings.	100%	The Municipal Manager represented the Municipality to the Municipal Managers Forum coordinated by DC 27 on the 2nd of July 2010, 12 August 2010; 17 November 2010 also attended the Mayors Coordinating Forum on the 20 July 2011. IMFO Conference @ Durban on the 5th & 06th of October 2010. Target achieved.
	Ensuring legislative compliance.	No non-compliance issues raised in the internal and Auditor General report.	The Executive department is complying with the issue of compliance.	Unqualified Audit report.	100%	The Executive department is complying with the issue of compliance. Target achieved.
	Conducting the business of the municipality efficiently and effectively.	Unqualified Auditor general report.	The Executive department is complying with the issue of compliance.	Unqualified Audit report.	100%	The Executive department is complying with the issue of compliance. Target achieved.
To promote community involvement in municipal affairs	Attendance of 4 schedule council meeting per annum	Attendance of 4 schedule Council meeting.	The target on this KPI was achieved since the council meeting sat on the 30th of September 2009, 02nd of October 2009, on the 18th of December 2009, and in May 2010.	4 Council Meetings Attended.	100%	The target on this KPI was achieved since the council meeting sat on the 30th of September 2010, 21st of December 2010, on the 31st of March 2011, and on the 24th of June 2011. Target achieved.



Functional Area Service Delivery Report

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6.1.1 OFFICE OF THE MUNICIPAL MANAGER

KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To promote community involvement in municipal affairs (cont'd)	Attendance of at least 12 meetings of different portfolio committees of council.	Attendance of 12 scheduled Executive & Finance Committee meetings.	The target on this KPI was met since the Executive and Finance meetings sat on the scheduled dates.	12 Executive & Finance Committee meetings attended.	100%	The target on this KPI was met since the Executive and Finance meetings sat on the scheduled dates. Target achieved.
	Attendance of 2 public participation meetings during budget formulation.	Attended 2 scheduled public participation meeting during the budget formulation.	The SDBIP shows that the target on this KPI should be achieved in the second quarter and last quarter. This KPI was met because two Public Participation meetings were held.	2 Public Participation meetings attended.	100%	The SDBIP shows that the target on this KPI should be achieved in the second quarter and last quarter. This KPI was met because two Public Participation meetings were held. Target achieved.
To ensure participation in the budget process	Submission of all governance and strategic planning documents to council for adoption.	Governance and strategic planning documents presented to council for adoption.	The SDBIP shows that the target on this KPI should be achieved in the last quarter ending 30 June 2010. All strategic documents were adopted by the council.	All Strategic Planning Documents Adopted by Council.	100%	The SDBIP shows that the target on this KPI should be achieved in the last quarter ending 30 June 2011. All strategic documents were adopted by the council. Target achieved.
	Inputs on the development of the budget.	Timeous completion and submission of departmental work plans.	The SDBIP shows that the target on this KPI should be achieved on the third quarter ending 31 March 2010. The target was achieved because the annual departmental budget inputs were submitted.	Annual Budget Departmental inputs.	100%	The SDBIP shows that the target on this KPI should be achieved on the third quarter ending 31 March 2011. The target was achieved because the annual departmental budget inputs were submitted. Target achieved.
To ensure that the allocated budget is utilized efficiently and economically	Monitoring of expenditure.	Departmental monthly expenditure reports.	The departmental budget has been monitored to avoid the over-expenditure of votes throughout the year.	No Over Expenditure of votes.	100%	The departmental budget has been monitored to avoid the over-expenditure of votes throughout the year. Target achieved.



6.1.2 Corporate Services

KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To facilitate the delivery of basic services in an effective and efficient manner	Participate in all service delivery planning programmes undertaken by the District.	Number of meetings attended.	4 meetings attended.	Participating in 4 meetings coordinated by the District Municipality and other Service Agencies.	3 meetings attended.	Target not achieved.
	Monitor the provision of services by the District and other agencies.	Monthly reports on District projects presented to Municipal Manager.	4 meetings attended.	Participating in 4 meetings coordinated by the District Municipality and other Service Agencies.	2 meetings attended.	Target not achieved.
	Assist the District with the identification and prioritization of projects.	List of priority projects approved by the Municipal Manager and relevant Council structures.	The 2009/2010 target was not implemented because there were no projects prioritized for the District Municipality.	1 Priority list to the District Municipality.	The target was not implemented because there were no priority projects.	Target not achieved.



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6.1.2 Corporate Services

KPA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To improve the quality and efficiency of the administration component of the Municipality	Finalize the review of the organogram.	Revision of the organogram for Hlabisa Municipality.	The 2009/2010 revised organogram was adopted by Council.	Reviewed organogram adopted by Council.	100%	The 2010/2011 revised organogram has been adopted by Council. Target achieved.
	Finalize the appointment of Section 57 Managers.	Number of performance agreements signed by Section 57 Managers.	Performance Agreements for the year 2009/2010 were signed on the 14th of August 2011 and submitted to COGTA.	5 Performance Agreements signed by Section 57 Managers and submitted to COGTA before the end of July 2010.	100%	The 2010/2011 Performance Agreements were signed and submitted on 22 July 2010. Target achieved.
	Identification of staff training needs.	Workplace Skills Plan developed and presented to Municipal Manager for approval and submitted to LGSETA before 30 June 2010.	The 2009/2010 WSP and 2008/2009 ATR were submitted to LGSETA before 30 June 2009.	Workplace skills plan developed, approved by MM and submitted to LGSETA before 30 June 2011.	100%	WSP submitted on time. Target achieved.
	Conduct a job evaluation for staff members.	Job Evaluation Report presented to the Municipal Manager.	27 outstanding Job Descriptions were developed.			
	Review and update the Employment Equity Plan.	Reviewed Employment Equity Plan presented to Municipal Manager.	The reviewed Employment Equity Plan covering the period from 2008/2009 and 2009/2010 and the Employment Equity Report were submitted to the DoL on the 30th of September 2009.	Reviewed Employment Equity Plan presented to MM and submitted to the DoL.	100%	The Employment Equity Report was submitted to the Department of Labour on the 30th of September 2010. Target achieved.

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6.1.2 Corporate Services

KPA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT						
Strategic Objective	Activity	Unit of Measure-	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To improve the quality and efficiency of the administration component of the Municipality (cont'd)	Revision of HR Policies and Systems.	Number of HR Policies and Procedures revised and adopted by Council.	The set target for 2009/2010 financial year was not achieved because there was no policy that was due for revision.	Development of HR Policies and Procedures.	38 policies developed.	38 HR Policies and Procedures were developed through the assistance of the Municipal Governance & Administration Expert and adopted by Council on 21 December 2010. Target achieved.
	Revision of the Filling Plan.	Revised Filling Plan presented to the municipal Manager.	The Filling Plan was revised with the assistance of the Department of KZN Archives.	Revision of the Filling Plan.	100%	Target achieved.
	Finalization and implementation of performance management system.	Development of the Organizational Performance Management System and Individual PMS.	The OPMS and IPMS was developed and adopted by Council.	OPMS & IPMS adopted by Council.	OPMS adopted by Council.	Target achieved.
Lead, direct and manage staff and resources so that the department is able to attain its performance targets	Human Capital Management.	Number of departmental meetings held.	Only 25% of the target was achieved since only 4 meetings were held instead of 12 meetings.	4 departmental meetings held per annum.	3 meetings held.	The target was not met because only 3 meetings were held. Target not achieved.
	Human Capital Management.	Development of Role Descriptions for all staff members.	There was no target for 2009/2010 financial year.	Development of 28 Job Descriptions.	28 Job Descriptions.	Target achieved.

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6.1.2 Corporate Services

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Implementation of Special Programmes for vulnerable groups	Implementation of Arts & Culture Programmes.	Participation of Hlabisa Municipality in the District Choral Municipal Competition.	Hlabisa Municipality participated in the District Choral Municipal Competitions held in October 2009.	Participation in the District Choral Music Competitions during the first quarter of the financial year.	The target was not achieved because the District Municipality did not coordinate the competitions.	Target not achieved.
	Implementation of Arts & Culture Programmes.	Hosting Ingoma Ka-Khisimuzi.	Ingoma events were held on the 28th and 30th of December 2009.	Hosting Ingoma Event during the quarter ending 31 December 2010.	Ingoma events were held on the 28th and 30th December 2010.	Target achieved.
	Implementation of Arts & Culture Programmes.	Hosting Ingoma Ka-Sosesheni.	Ingoma events were held on the 26th, 27th, 29th and 31st of December 2009.	Hosting Ingoma Events during the quarter ending 31 December 2010.	Ingoma events were held on the 26th, 27th, 29th and 31st of December 2010.	Target achieved.
	Implementation of Heritage Programmes.	Hosting Ubuhle buka-Zulu Annual Event.	The event was held on the 30th of August 2009.	Hosting the event during the quarter ending 30 September 2010.	The event was held on the 29th of August 2010.	Target achieved.
	Implementation of Heritage Programmes.	Participation of Hlabisa Municipality during the Annual Reed Dance Ceremony.	The Municipality participated in the Annual Reed Dance Ceremony held from the 18th to the 20th of September 2009 at Emachobeni Royal Residence.	Participation in the 2010 Annual Reed Dance Ceremony.	Hlabisa Municipality participated in the Annual Reed Dance Ceremony held from the 11th to the 12th of September 2010 at Nyokeni Royal Residence and from the 18th to the 19th of September 2010.	Target achieved.
	Implementation of Youth Programmes.	Coordinating the Drivers Licence Programme for 19 youth members.	8 members of youth acquired drivers licences through the programme.	19 members of youth with valid driver's licences.	2010/2011 target was not implemented.	The Executive Committee resolved that the implementation of the target be postponed. Target not achieved.

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6.1.2 Corporate Services						
KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Implementation of Special Programmes for vulnerable groups (cont'd)	Implementation of Youth Programmes.	Coordinating the Leadership Development Programme for the Youth.	The Leadership Development Programme Workshop was held on the 22nd of May 2010.	50 member of youth.	2010/2011 target was not implemented.	The implementation of the target was postponed due to financial constraints. Target not achieved.
	Implementation of Youth Programmes.	Hosting a career guidance exhibition (Matric Interventions).	The 2009/2010 target was not implemented due to financial constraints.	1 Career Guidance Exhibition hosted by the Municipality.	2010/2011 target was not implemented.	The implementation of the target was postponed due to financial constraints. Target not achieved.
	Implementation of Youth Programmes.	Enrolment of members of youth in different tertiary institutions.	There was no target for 2009/2010 financial year.	20 youth members enrolled.	2010/2011 target was not implemented.	The implementation of the target was postponed due to financial constraints. Target not achieved.
	Implementation of Youth Programmes.	Coordinating Mr. & Ms. Hlabisa Pageant.	Mr. & Ms. Hlabisa Pageant was held on the 31st of November 2009.	1 Pageant hosted.	2010/2011 target was not implemented.	The implementation of the target was withdrawn from the SDBIP through an ExCo resolution Target not achieved.
	Implementation of Programmes for Senior Citizens.	Facilitate the sitting of Senior Citizens Forum meetings.	1 Senior Citizens Forum meeting was held.	4 meetings facilitated.	2010/2011 target was not implemented.	Target not achieved.
	Implementation of Programmes for Senior Citizens.	Hosting Senior Citizens Golden Games.	The Senior Citizens Golden Games was held on 06 December 2009.	1 Senior Citizens Golden Games hosted.	Senior Citizens Golden Games were held on the 14th to 16th of September 2010 at Potchefstroom.	Target achieved.



Functional Area Service Delivery Report

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6.1.2 Corporate Services

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Implementation of Special Programmes for vulnerable groups (cont'd)	Implementation of Programmes for Senior Citizens.	Hosting Senior Citizens Christmas Party.	The Christmas Party for Senior Citizens was held on the 06th of December 2009.	1 Senior Citizens Christmas Party hosted.	The Christmas Party for Senior Citizens was held on the 28th of December 2010.	Target achieved.
	Implementation of Children Programmes.	Facilitate the sitting of LACC.	There was no target for 2009/2010 financial year.	4 LACC meetings held.	2010/2011 target was not implemented.	Target not achieved.
	Implementation of Children Programmes.	Hosting Christmas Party for OVCs.	The Christmas Party was held on the 20th of December 2009.	1 Christmas Party for OVCs.	2010/2011 target was not implemented.	Target not achieved.
	Implementation of Children Programmes.	Hosting Children's Day Celebration.	There was no target for 2009/2010 financial year.	1 Celebration hosted.	2010/2011 target was not implemented.	Target not achieved.
	Implementation of Gender Programmes.	Number of Gender Forum meetings held.	There was no target for 2009/2010 financial year.	8 Gender Forum meetings.	1 Women Forum meeting held on the 24th of September 2010.	Target not achieved.
	Implementation of Gender Programmes.	Hosting a Women's Day Celebration.	There was no target for 2009/2010 financial year.	1 Women's Day Celebration during the first quarter.	A Women's Day Celebration was held on the 22nd of August 2010 at Ngodini Community Hall.	Target achieved.
	Implementation of Gender Programmes.	Conducting Cluster-Awareness Campaigns against women, widows and child abuse.	There was no target for 2009/2010 financial year.	5 Cluster Awareness Campaigns.	No campaigns held during 2010/2011 financial year.	Target not achieved.

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6.1.2 Corporate Services						
KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Implementation of Special Programmes for vulnerable groups (cont'd)	Implementation of HIV and AIDS Programmes.	Number of LAC meetings held.	4 LAC meetings were held in 2009/2010 financial year.	4 LAC meetings.	LAC meetings were held on the 06th of August 2010, 10 September 2010, 08 October 2010 and 03 November 2010.	Target achieved.
	Implementation of HIV and AIDS Programmes.	Conducting HIV and AIDS Cluster Awareness Campaigns.	1 HIV and AIDS Awareness Campaign held in 2009/2010 financial year.	5 HIV and AIDS Awareness Campaigns.	Awareness Campaigns were held at Ward 002 (Cluster A) and Ward 017 (Cluster E).	The target was not achieved because only 2 Awareness Campaigns were held. This was due to financial constraints. Target not achieved.
	Implementation of HIV and AIDS Programmes.	Launch of Ward Aids Councils (WACs).	19 Ward Aids Councils were established.	19 Ward Aids Councils launched.	All Ward Aids Councils were successfully launched on the 16th of January 2011.	The target was not achieved because the implementation was prioritized for the quarter ending 31 December 2010. Target not achieved.
	Implementation of HIV and AIDS Programmes.	Cluster-based capacity building for WACs.	There was no target for 2009/2010 financial year.	475 members of WACs capacitated.	All members of the WACs were trained on the 13th to 17th of December 2010.	Target achieved.
	Implementation of Disability Programmes.	Launch of the Disability Forum and hosting of the Local Disability Day (LDD).	There was no target for 2009/2010 financial year.	Launch of the Disability Forum.	The 2010/2011 target was not implemented.	Target not achieved.
	Implementation of Disability Programmes.	Development of the Disability Framework.	There was no target for 2009/2010 financial year.	Disability Framework developed and adopted by Council.	The Disability Framework was developed and adopted by Council on the 21st of December 2010.	The target was not achieved because the Framework should have been developed and adopted in the quarter ending 30 September 2010. Target not achieved.



Functional Area Service Delivery Report

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6.1.2 Corporate Services

KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To promote public participation in Municipal affairs	Training Councilors on Ward Committee Systems.	Number of Councilors trained.	Councilors were not trained due to financial constraints.	37 Councilors trained.	The target was not implemented due to financial constraints.	Target not achieved.
	Development of a Public Participation and Communication Programme.	Launch of the Communication Strategy.	There was no target for 2009/2010 financial year.	Launch of the Communication Strategy.	The target was not implemented due to financial constraints.	Target not achieved.
	Development of a Public Participation and Communication Programme.	Launch of the Citizens Participation Charter.	There was no target for 2009/2010 financial year.		The target was not implemented due to financial constraints.	Target not achieved.
	Development of a Public Participation and Communication Programme.	Hosting Imbizo in relation to IDP and Budget.	There was no target for 2009/2010 financial year.	1 Mayoral Imbizo during the quarter ending 31 March 2011.	The Mayoral Imbizo in relation to IDP and Budget was held on the 27th of November 2010.	Target achieved.
	Provision of Secretarial Support during IDP Representative Forum meetings.	Number of IDP RF meetings held.	3 IDP RF meeting held in 2009/2010 financial year (19-Aug-009, 11-Nov-009 and 10-Feb-010).	4 IDP Forum meetings.	5 IDP RF meetings held on the 08th of September 2010 and 10th of November 2010, 20th of November 2010, 16th of February 2011 and 20th of April 2011.	Target achieved.
	Issuing of public notices and advertisements.	Number of public notices and advertisements issued.	16 adverts issued.	No specific target.	15 adverts were issued.	Target achieved.

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6.1.2 Corporate Services						
KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create sufficient and appropriate capacity for effective governance and service delivery	Participating in IDP Steering Committee meetings.	Number of IDP Steering Committee meetings held.	1 IDP Steering Committee meeting held in 2009/2010 financial year.	4 IDP Steering Committee meetings.	2 IDP Steering Committee meetings held.	Target not achieved.
	Ensuring the sitting of Council meetings.	Number of Council meetings held.	4 Council meetings held during 2009/2010 financial year.	4 Council meetings.	Council meetings were held on the 30th of September 2010, 21 December 2010, 25 January 2011, 28 February 2011, 25 March 2011 and 31 March 2011.	Target achieved.
	Ensuring the sitting of Executive & Finance Committee meetings.	Number of ExCo meetings held.	11 Executive & Finance Committee meetings were held during 2009/2010 financial year.	12 Executive & Finance Committee meetings.	12 Executive & Finance Committee meetings were held on the 30th of July 2010, 30th of August 2010, 22nd of September 2010, 27th of October 2010, 30th of November 2010, 02nd of November 2010, 21st of December 2010, 24th of January 2011, 24th of February 2011, 28th of March 2011, 13th of April 2011 and 13th of May 2011.	Target achieved.



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6.1.2 Corporate Services

KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create sufficient and appropriate capacity for effective governance and service delivery (cont'd)	Ensuring the sitting of Corporate Services Portfolio Committee meetings.	Number of Corporate Services Portfolio Committee meetings held.	10 Corporate Services Portfolio Committee meetings were held during 2009/2010 financial year.	12 Corporate Services Portfolio Committee meetings.	6 Corporate Services Portfolio Committee meetings were held on the 23rd of July 2010, 23rd of August 2010, 22nd of September 2010, 25th of October 2010, 26th of November 2010 and 21st of January 2011.	Target not achieved.
	Ensuring the sitting of Community Services Portfolio Committee meetings.	Number of Community Services Portfolio Committee meetings held.	8 Community Services Portfolio Committee meetings were held during 2009/2010 financial year.	12 Community Services Portfolio Committee meetings.	5 Community Services Portfolio Committee meetings were held on the 12th of August 2010, 13th of September 2010, 04th of October 2010, 11th of October 2010 and 15th of November 2010.	Target not achieved.
	Ensuring the sitting of Social Development Portfolio Committee meetings.	Number of Social Development Portfolio Committee meetings held.	9 Social Development Portfolio Committee meetings held during 2009/2010 financial year.	12 Social Development Portfolio Committee meetings.	6 meetings were held on the 20th of July 2010, 15th of September 2010, 21st of October 2010, 22nd of November 2010, 20th of January 2011 and 17th of February 2011.	Target not achieved.



6.1.2 Corporate Services						
KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create sufficient and appropriate capacity for effective governance and service delivery (cont'd)	Ensuring the sitting of Infrastructure Portfolio Committee meetings.	Number of Infrastructure Portfolio Committee meetings held.	6 Infrastructure Portfolio Committee meetings held during 2009/2010 financial year.	12 Infrastructure Portfolio Committee meetings.	8 Infrastructure Portfolio Committee meetings were held.	Target not achieved.
	Ensuring the sitting of Planning & Economic Development Portfolio Committee.	Number of Planning & Economic Development Portfolio Committee meetings held.	7 Planning & Economic Development Portfolio Committee meetings held during 2009/2010 financial year.	12 Planning & Economic Development Portfolio Committee meetings.	8 Planning & Economic Development Portfolio Committee meetings were held on 19th of July 2010, 19th of August 2010, 16th of September 2010, 14th of October 2010, 19th of November 2010, 13th of December 2010, 14th of February 2011 and 11th of March 2011.	Target not achieved.
	Ensuring the sitting of Rules Committee meetings.	Number of Rules Committee meetings held.	1 Rules Committee meeting held during 2009/2010 financial year.	6 Rules Committee meetings.	3 Rules Committee meetings were held on 18th of August 2010, 12th of October 2010 and 21st of December 2010.	Target not achieved.



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6.1.2 Corporate Services

KPA: FINANCIAL MANAGEMENT & VIABILITY						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To ensure participation in the Budget Process	Budgeting.	Draft Budget inputs to the Finance Department on time.	Departmental budget inputs were submitted to the Finance Department on time.	Annual budget with departmental inputs.	Departmental budget inputs for 2010/2011 financial year were submitted on time.	Target achieved.
To ensure that the allocated budget is utilized efficiently and economically	Monitoring of expenditure.	No reports on over-expenditure on departmental votes.	No over-expenditure on departmental votes.	Nil over-expenditure on departmental votes.	No over-expenditure on departmental votes.	Target achieved.

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6.1.3 Financial Services						
KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Upgrade and maintain infrastructure systems in order to improve quality of life and access to services	Adjudication of bids within the specified timeframes.	Total number of bids adjudicated.	100%	100% adjudication of bids.	98%	Only the Banking Services bid was not adjudicated within the required timeframe. All other bids were adjudicated. Target not Achieved.
	Manage budget and capital expenditure.	Monthly reports on capital budget implementation.	12	12 Monthly Reports.	12 monthly reports prepared.	Target achieved.
	Prompt payment of invoices.	Invoices paid within 30 days.	90%	100% payment of invoices of creditors.	91%	There were a lot of municipal functions towards the end of the financial year. Most invoices relating to these were not paid before 30 June 2011. Target not achieved.
Facilitate the delivery of basic services in an efficient and effective manner	Assist the district municipality with identification and prioritization of projects.	List of projects approved and submitted to the district municipality.	0	12 Monthly Reports.	0	There were meetings arranged by the district for prioritization of projects. Target not achieved.



Functional Area Service Delivery Report

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6.1.3 Financial Services

KPA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT

Strategic Objective	Activity	Unit of Measure-	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Capacitate staff to enable them to implement IDP and budget	Identification of staff training needs.	Skills plan for the department.	Not a target.	1 Skills Plan developed.	1 Skills Plan was developed.	Staff members still need to be briefed on the importance of a Skills Plan. Target achieved.
Provision of working resources for staff		Purchase of office equipment and furniture.	R466,690.65	100% procurement of working resources.	R540,329	Working resources were procured including a tractor for community services. Target achieved.
Lead, direct and manage staff and resources so that the department is able to meet performance targets	Departmental staff meeting.	Monthly reports.	6	4 Departmental Staff meetings.	4 Departmental staff meetings were held.	Departmental staff meetings were held during the financial year. Target achieved.
Provision of working resources for staff	Provision of daily consumable working resources.	Purchase of stationery and other resources needed.	Not a target.	100% provision of working resources.	R25,492	Consumable working resources were provided and the whole budget spent. Target achieved.
To upgrade and maintain IT infrastructure for the municipality to be able to operate efficiently	Provide budget for IT services.	Budget prepared and submitted to Council.	Not a target.	100% provision of IT services.	R264,000	The budget for IT services was included in the annual budget for a municipality. Target achieved.

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6.1.3 Financial Services						
KPA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Lead, direct and manage staff and resources so that the department is able to meet performance targets	Attendance of meetings, trainings, forums and workshops.	Expenditure on subsistence and travelling.	Not a target.	R180, 000	R114,318	All important meetings, workshops, trainings were attended including GRAP AFS preparation. Target achieved.
Ensure implementation of MFMA and other legislative requirements	Monitor performance of internal audit, audit committee and auditor-general.	Expenditure on audit fees and reduction of non-compliance issues.	Not a target.	R1, 200, 000	R2,126,861	All audit matters were executed in terms of the MFMA and payments done accordingly. There was an increase in the AG fees for 2009/2010 audit. Target Achieved.

6.1.3 Financial Services

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT

Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Create a climate conducive for sustainable economic growth and job creation	Procuring from local service providers.	% of budget spent on local service providers.	49%	40% of budget spent on local service providers.	45% procurement done to local service providers.	About 45% of all procurement was done from businesses within the municipality especially catering, maintenance and transportation. Target achieved.
	Provide support to SMME.	No. of Trainings of SMMEs on financial matters.	Not a target.	1 Workshop to be conducted.	0	No workshop for SMMEs was done during this financial year. Target Not Achieved.

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6.1.3 Financial Services

KPA: FINANCIAL MANAGEMENT & VIABILITY

Strategic Objective	Activity	Unit of Measure-	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To manage and use public funds in an efficient and accountable manner	Prepare a 3 year capital and operational budget.	Approved multi-year budget by council within stipulated timeframes.	1	1 Approved multi-year budget.	1 Multi-Year budget prepared and adopted on time.	The 2011/2012 Multi-Year Budget was prepared and submitted on time to Council. Target achieved.
	Maintain asset register.	Updated fixed asset register.	4	Fixed Asset Register updated quarterly.	4 updates of fixed asset register done.	The quarterly verification was done and inventory lists signed for each quarter. Target achieved.
	Develop and review financial policies.	Financial Policies approved by council.	6	1 Set of Financial Policies approved by council.	1 set of reviewed financial policies.	All financial policies were reviewed. Target achieved.
	Ensure that SDBIP is in place.	SDBIP submitted to council on time.	1	1 SDBIP approved by council.	1 SDBIP prepared.	The SDBIP was developed and submitted to council. Target achieved.
	Report to council on departmental performance.	Number of Monthly reports submitted to council.	4	12 monthly reported submitted to council.	12 monthly prepared and submitted to ExCo.	Monthly financial reports were prepared and submitted. Target achieved.
	Prepare monthly bank reconciliations.	Number of monthly reconciliations done.	12	12 monthly reconciliations done.	12 Monthly reconciliations were done.	Bank reconciliations were performed throughout the year. Target achieved.
	Reporting of over and under expenditure.	Number of monthly reports prepared and submitted to council.	Not a target.	12 monthly reports submitted to council.	12 monthly reports prepared.	Monthly budget comparison reports were prepared. Target achieved.



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6.1.3 Financial Services

KPA: FINANCIAL MANAGEMENT & VIABILITY

Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To manage and use public funds in an efficient and accountable manner (<i>cont'd</i>)	Prepare Mid-Year Budget and Performance Assessment Report	Mid-Year Budget and Performance Assessment report submitted.	1	1 Mid-Year Budget and Performance Assessment report approved.	1 Mid-Year Budget and Performance Assessment Report was prepared.	The Mid-Year Budget and Performance Assessment report was done after 6 months of budget implementation. Target achieved.
	Prepare quarterly financial reports.	Quarterly financial reports submitted to council.	Not a target.	4 reports submitted to council.	12 Monthly Financial Reports.	Financial reports were prepared on a monthly basis and submitted to Council quarterly. Target achieved.
	Prepare adjustment budget.	Adjustment budget prepared and approved by council.	1	1 Adjustment Budget approved by council.	1 Adjustment Budget was prepared and approved.	Adjustment Budget was approved by Council in February 2011. Target achieved.
	Prepare Budget Process Plan and timetable.	Budget Process Plan prepared and submitted to council.	Not a target.	1 Budget Process Plan prepared and approved by council.	1 Budget Process Plan prepared.	The Budget Process Plan was prepared but not submitted to Council. Target achieved.
	Prepare monthly cash flow reports.	Number of monthly cash flow reports prepared and submitted.	Not a target.	12 monthly cash flow reports.	12 monthly cash flow reports prepared.	Monthly cash flows are part of the monthly financial reports. Target achieved.
	Payment of salaries and allowances on time.	Number of payments made.	Not a target.	12 monthly payments of salaries and allowances.	12 monthly payments done.	All salaries and allowances were paid every month. Target achieved.

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6.1.3 Financial Services						
KPA: FINANCIAL MANAGEMENT & VIABILITY						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To manage and use public funds in an efficient and accountable manner (<i>cont'd</i>)	Ensure that AFS are prepared and submitted to Auditor-General.	AFS prepared and submitted to Auditor-General on time.	1	1 Set of Annual Financial Statements.	1 set of AFS prepared.	Annual Financial Statements for 2009/2010 were prepared and submitted on time. Target achieved.
	Provide information and monitor the preparation of the Annual Report.	Annual Report prepared and submitted to Council.	Not a target.	1 Annual Report to be prepared and submitted to Council.	1 Annual Report was prepared.	Annual Report was prepared and submitted on time to Council. Target Achieved.
	Provide guidance and information to the Oversight Committee.	Oversight Report prepared and submitted to Council.	Not a target.	1 Oversight Report prepared and submitted to Council.	0	The Oversight Report was not done. The committee did not sit. Target Not Achieved.
	Appointment of Insurance Broker.	Appointment done and payment made.	Not a target.	To appoint an Insurance Broker.	1 Insurance Broker was appointed.	Indwe Risks Services were appointed as the insurance broker for 3 years. Target Achieved.
	Monthly billing and posting of invoices.	Monthly billing done and invoices posted.	Not a target.	12 monthly billing invoices posted.	12 monthly billing invoices were posted.	Billing Statements were prepared and posted every month. Target Achieved.



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6.1.3 Financial Services

KPA: FINANCIAL MANAGEMENT & VIABILITY

Strategic Objective	Activity	Unit of Measure-	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To manage and use public funds in an efficient and accountable manner (cont'd)	Ensure that monthly budget statements are submitted to National and Provincial Treasury.	Monthly budget statements prepared and submitted.	12	12 monthly budget statements.	12 monthly budget statements submitted.	All monthly budget statements were prepared and submitted to treasury. Target Achieved.
	Ensure that quarterly returns are prepared and submitted to National and Provincial Treasury.	Quarterly returns prepared and submitted.	12	All quarterly returns prepared and submitted.	4 quarterly reports were prepared and submitted.	Quarterly returns were prepared and submitted to treasury. Target Achieved.
	Ensure that supplier's database is updated.	Updated supplier's database available.	Not a target.	Supplier's database updated at least 2 times a year.	Supplier's database updated monthly.	Supplier's database is updated on an ongoing basis when new applications are received. Target Achieved.
	Ensure that municipality complies with SCM Policy.	Deviation reports prepared and submitted to Council.	Not a target.	12 Reports prepared each month.	Reports prepared but not monthly.	SCM Implementation is reported monthly but deviations are reported when they exist. Target Achieved.
	Ensure that municipality complies with SCM Guidelines and Treasury Regulations.	Reports on monthly awards above R100 000.	Not a target.	12 monthly reports prepared and submitted.	Monthly reports were submitted.	All awards above R100 000 were reported to Treasury. Target Achieved.



6.1.3 Financial Services						
KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To promote public participation in municipal affairs	Develop and review budget related policies.	Budget related policies adopted by Council.	1	1 set of budget related policies adopted by Council.	1 set of budget related policies was developed.	Budget related policies were reviewed and adopted together with the budget. Target achieved.
	Conduct budget consultative meetings.	Number of budget consultative meetings attended.	1	2 budget consultative meetings.	0	There were no budget consultative meetings held, that was due to elections being in May 2011. Target Not achieved.
	Advertise budget and tariffs of charges.	Advert prepared and published.	Not a target.	1 advert prepared and published in a local newspaper.	2 Adverts in Ilanga and Zululand Observer.	Budget notices were done to invite comments from the community. Target achieved.



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6.1.4 Community Services

KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT

Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To facilitate the delivery of basic service delivery in an efficient and effective manner	Participate in all service delivery planning programmes undertaken by the District and other agencies.	Number of meetings attended.	4 meetings attended.	Participating in 4 meetings coordinated by the District municipality and other Agencies.	6 meetings attended.	Officials from the department attended District Sports Desk meetings as well as meetings with the Department of Agriculture, Environmental Affairs and Rural Development in the saving environment initiatives. The department also worked closely with neighbouring schools (Mbopha High School, Hlabisa J. P. Malusi Ormuhle and Silethimfundo Primary Schools) in saving energy and water initiative.
	Monitor the provision of services by the District Municipality and other agencies.	Monthly reports on District projects presented to the Municipal Manager.	One rehabilitated recycling depot.	A complete recycling depot.	85 % completion of the recycling depot.	Target achieved. The structure was erected and only three sides were fenced due to financial constraints.
	Assist the district Municipality with identification and prioritization of projects.	List of projects approved by the Municipal Manager and relevant Council structures.	No prioritized project for this financial year.	One priority list to the District municipality.	There were no prioritized projects to the District municipality.	Target not achieved. Target not achieved.

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6.1.4 Community Services						
KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To facilitate the delivery of basic service delivery in an efficient and effective manner (cont'd)	Collection of waste, removal of sewerage and cleaning of municipal areas, public facilities and business centre surrounding Hlabisa Town.	Clean Hlabisa Town, public facilities and business centre (grass cutting and tree felling, refuse collection, sewerage removal and cleaning of public facilities).	100%	100%	100%	The municipality received first prize in the District in the Greenest Municipality Competition presented by the Department of Agriculture, Environmental Affairs and rural Development. Target achieved.
To facilitate infrastructure development.	Repairs and maintenance of community halls when need arises.	All community halls in good condition.	100%	100%	100%	The KPI depended on reported incidents. Only Amakhosi hall were fenced and a new gate was fitted. Target achieved.



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6.1.4 Community Services

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create climate for sustainable economic growth and job creation.	Appointment of local SMME's for minor repairs and maintenance of public facilities.	Local SMME's appointed for minor repairs and maintenance of public facilities.	Mumbo Singela Trading was appointed for the construction of public toilets in Hlabisa town and 6 six people were also appointed in the project.	100%	100%	Ntindawo Construction was appointed for the fencing of Anakhosi Hall. Mumbo Singela Trading Cc for was also appointed for the cleaning of septic tank in Hlabisa town. Mkhulekwa was also appointed for the services of removal of sewerage when the municipality was waiting for the new tractor. Target achieved.
	Employment of local unskilled labourers for the construction of the testing ground.	Local unskilled labourers appointed during the construction of the testing ground.	Twenty people were appointed during site leveling stage and eight people were also appointed in the construction of the gymnasium.	100%	0%	Phase one of the construction of testing ground was completed in the previous financial period (2009/2010). This KPI was dependent on the implementation of phase two. Target not achieved.
	Employment of local people as waste sorters.	Two people appointed as waste sorters.	2	2	2	Temporary cleaners were appointed on a twelve months contract to perform the functions of waste management. Two of the temporary cleaners were put responsible for waste sorting. Target achieved.

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6.1.4 Community Services						
KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To promote social development.	Managing the functioning of operation of the public library.	Number of monthly reports reflecting the functioning of the public library.	12	12	12	The library provided the following services on daily basis: new membership = 250, circulation of audio visuals = 857, circulation of books = 5 048, and circulation of tertiary books = 475. Target achieved.
	Facilitate the provision of Traffic and Driving License Testing Centre services to the community.	Number of monthly reports reflecting the functioning and provision of services to the community.	12	12	12	The DLTC rendered the following services on daily basis: application for learners licenses = 1 802, application for PrDP = 151, duplicate learners' licenses = 41, driving license renewals = 246, learners license issue = 664 and temporary licenses = 154. Target achieved.
	Managing the functioning of the gymnasium.	Number of monthly reports reflecting the functioning of the gymnasium.	0	12	0	The gymnasium has not started operation. It is awaiting personnel and operational plan. Target not achieved.
	Facilitate capacity building workshop for sports administrators and team managers.	Number of capacity building workshops for sports administrators and team managers.		04	01	The capacity workshop was organized with the Department of Sports and recreation at Inkosi Nkanyiso sports field. This target was dependent on the availability of funding from the department of Sports and Recreation. Target not achieved.



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6.1.4 Community Services

KPA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT

Strategic Objective	Activity	Unit of Measure-	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Lead, direct and manage staff and resources so that the department is able to attain its performance	Monthly departmental meetings.	Total number of meetings attended, minutes and attendance registers.	01	12	04	Only four departmental meetings were held for the period covered by this report, however section heads and supervisors met on regular basis to report progress and challenges encountered. Target not achieved.
	Every employee to have a role description and a weekly work plan.	Signed role descriptions for all employees.	There was no target for this financial period.	100%	0%	Target not achieved.
	Identification of training needs.	Skills development plan for employees.	Workplace Skills Plan was submitted to LGWSETA.	Workplace skills plan submitted to LGWSETA.	100%	Skills audit forms are filled in the last quarter of the financial period by every employee. Target achieved.



6.1.4 Community Services						
KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To promote community involvement in municipal affairs	Attendance of scheduled Council meetings.	Attended Council meetings, registers and minutes.	04	04	03	Target not achieved.
	Attendance of Exco meetings.	Attended Exco meetings, attendance registers and minutes.	09	12		Target not achieved.
	Attendance of at least 15 portfolio committee meetings.	Attended portfolio committee meetings, attendance registers and minutes.	10	15	05	Target not achieved.
To promote integrated, coordinated and sustainable development and performance management system	Attendance of IDP Representative Forum meeting.	Attendance registers and minutes.		4	2	The IDPRF meetings that were scheduled on 08 September and 10 November 2010 were attended. Target not achieved.
	Attendance of IDP Steering Committee meeting.	Attendance registers and minutes.		4	1	The IDP Steering Committee meeting that was scheduled on 19 October 2010 was attended. Target not achieved.



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6.1.4 Community Services

KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create sufficient and appropriate capacity for effective governance and service delivery	Conducting awareness campaigns and information sessions on waste management issues.	Number of awareness campaigns and information sessions on waste management issues.	No target for this financial period.	2	1	Awareness campaign on waste management was conducted in Hlabisa Town on the 6th of November 2010. Target not achieved.
	Conducting public participation outreach programme on road safety.	Number of awareness campaigns on road safety.	No target set for this financial period.	4	0	This KPI was not achieved due to shortage of personnel. Target not achieved.
	Conducting the business of the municipality efficiently and effectively.	Monthly reports submitted to the KZN Department of Transport.	12	12	12	Monthly statistical reports were submitted to the KZN Department of Transport. Target achieved.
	Running of sports and recreation programme.	Teams to participate in SALGA KZN annual games (Netball, Soccer, Volleyball, athletics, cricket, basketball)	100%	100%	100%	On the 23rd of October 2010, all clusters within Hlabisa Municipality participated in the Mayoral Cup tournament where team Hlabisa was selected to participate in the district elimination games on the 30th of October 2010. Target achieved.
	Purchasing of sports kits and incentives.	Purchased sports kits and incentives.	100%	100%	100%	Target achieved.

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6.1.4 Community Services						
KPA: FINANCIAL MANAGEMENT & VIABILITY						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To ensure participation in budget process	Preparation and submission of work plan.	Timeous completion and submission of departmental work plan for the preparation of annual budget.	One work plan submitted	Annual budget with departmental inputs.	Annual budget with departmental inputs.	Some of equipments requested by the department were added in the annual budget. Target achieved.
	Monitoring of expenditure.	Nil report of over expenditure on votes.		Nil report on expenditure.		Target achieved.
To generate income for the municipality	Revenue generation from DLTC services.	Income generated.	100%	100%	100%	Revenue generated through DLTC services for the period covered by this report amounts to R 394 279-00. Target achieved.
	Revenue generation through camera enforcement.	Income generated.	100%	100%	100%	Target achieved.
	Revenue generation through booking levies for public facilities.	Income generation.	100%	100%	100%	Revenue generated through booking levies of public facilities.



Functional Area Service Delivery Report

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6.1.5 Infrastructure Planning & Development Directorate

KPA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Lead, Direct and manage staff and resources so that the department is able to attain its performance targets	Staff meetings held on monthly basis.	Minutes and Attendance registers of staff meetings.	In the 2009/2010 the Directorate managed to ensure that there is a sitting of 10 Departmental Meetings. However according to the SDBIP the Department was supposed to have 12 Departmental meetings in the financial year of 2009/2010.	12 Staff Meetings.	50%	The Departmental Staff Meetings were held on the following dates: 20 August 2010, 19 November 2010, 19 October 2010, 03 December 2010, and 31 January 2011 and on the 20th of June 2011. The target was not achieved due to the fact that it was difficult to convene Departmental Meetings as from the month of March as most Senior Members of the Department were on leave. Target not achieved.
	Monitoring of staff weekly plans.	Signed weekly plans for all employees.	The Departmental Staff has been complying when it comes to submitting and approval of itinerary as per their supervision.	480 Weekly Plans.	100%	All employees in the Department submit their itinerary and all supervisors also ensure that all itineraries are approved. Therefore employees have been reporting against work done as per approved weekly plans Target achieved.
	Management of overtime.	Departmental monthly reports to ManCo.	The overtime time authorisation has been determined by the need for a certain task to be carried out. All employees with overtime have been authorised accordingly to work those overtime in the financial year 2009/2010. The Directorate has been also reporting to Senior ManCo. if some employees have worked overtime.	12reports submitted to ManCo.	50%	Department has been authorising employees to work overtime time in some instances whereby some tasks need to be performed even if it is not a work day. But the Directorate has been reporting to Senior ManCo Overtime issue. Target not achieved.



6.1.5 Infrastructure Planning & Development Directorate

KPA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Lead, Direct and manage staff and resources so that the department is able to attain its performance targets (cont'd)	Management of leave.	Departmental monthly reports to ManCo.	All employees go to leave after having been authorised accordingly. Therefore all employees who have been on leave in this financial year were reported to Senior Manco.	12 reports submitted to ManCo.	100%	All employees who have been on leave in this financial year were authorized by the Directorate. Therefore the Directorate has been reporting to Senior Management Meetings about employees who are on leave. Target achieved.
To capacitate staff to enable them to implement the IDP	Attendance of accredited training : skills & competence required for the Planning Director position as per COGTA description.	1 Certificates.	The Directorate has also attended courses with attendance certificate during 2009/2010 financial year.	1 Certificate of attendance.	100%	The Director Infrastructure, Planning and Development has attended project Management Course. Target achieved.



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6.1.5 Infrastructure Planning & Development Directorate

KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To facilitate the delivery of basic services in an effective and efficient manner	Participate in all service delivery planning programmes undertaken by the District.	Total number of meetings attended and attendance registers.	In this financial year the Municipality has been having a series of meetings regarding service delivery issues.	Four meetings attended.	100%	The SDBIP indicates that service delivery meetings should sit on quarterly basis as they were attended on the following dates: IDP RF24 November 2010 , 21 January 2010 Planning Development Forum, 05 March 2010 Planning Development Forum 17 May 2010 Planning Development Forum. This Forum looks at issues of service delivery and economic development for the whole of Umkhanyakude District. Target achieved.
	Development of a Comprehensive Infrastructure Plan, Municipal Infrastructure Investment Plan.	100% development of the CIP and MIIP and submitted to District, COGTA and National Treasury.	In the financial year for 2009/2010 it took long for the CIP and MIIP to be Completed as it's required more attention of Senior Management.	To have CIP and MIIP in Place by the end of December.	100%	On the 14th of December 2010 at Umfolozi Protea Hotel there was a Council Workshop. Whereby the Council was workshopped on the CIP and MIIP. Target achieved.
	Implementation of prioritized electrification projects.	100% implementation of prioritized projects per annum.	There was no Agreement between the Department of Energy and the Hlabisa Municipality regarding electrification programme. Therefore the electrification programme was not incorporated in the SDBIP for 2009/2010 due as there was no source for funding.	Schedule of Priority Projects.	75%	The Service Level Agreement has been signed by the Municipality and the Department of Energy for the rural electrification programme. Therefore the Municipality with the assistance of Energy appointed contractors to electrify prioritised Hlabisa areas. Connections have been made to a number of households. Target not achieved.

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6.1.5 Infrastructure Planning & Development Directorate

KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To facilitate the delivery of basic services in an effective and efficient manner (cont'd)	Engaging the Department of Transport and other service agencies on the prioritized Provincial roads projects.	Minutes and attendance registers for quarterly meetings held with Department of Transport.	The Department has been having a series of meetings with DOT focusing on service delivery issues.	4 Meetings to be held with DOT.	75%	The meetings with DOT were held on the following dates: 22 October 2010, 09 December 2011 and 25 February 2011. Target not achieved.
	Develop a master plan for the development and maintenance of municipal roads.	To have a credible Master plan by the first quarter of the financial year.	The Master Plan for Maintenance of roads was not part of 2009/2010 SDBIP of the Department.	To have Master Plan adopted by Council.	100%	The Plan Hire was budgeted in this financial year consequently the plan was hired to upgrade roads that needed attention in different wards as per prioritisation of the Council. Therefore the schedule was developed stating how the work is going to be carried out. Target achieved.
	Construction of local and access roads as prioritized in the IDP.	100% implementation of prioritized projects with committed funding.	In the 2009/2010 financial year there was no budget allocation for Electrification Programme.	100% implementation of prioritized projects with committed funding.	100%	As mentioned in this KPA all access roads with committed funding from COGTA, MIG as well as the Municipality have been completed. Thus incorporate town roads. Target achieved.



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6.1.5 Infrastructure Planning & Development Directorate

KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To facilitate the delivery of basic services in an effective and efficient manner (cont'd)	Coordinate the development and improvement of sports and recreational facilities.	To have at least two (2) Sports and Recreational facilities per annum.	In this financial year the Municipality was able to develop sportfields such as Mansiya as there was financial assistance from Department of Sport and Recreation.	To have at least two Sport and Recreational Facilities by the end of the Financial year.	0%	The Department struggled to get financial assistance for the development and improvement of Sport fields. Target not achieved.
	Engage the Department of Sports and Recreation (DSR) and other service agencies in the development and improvement of sports and recreational facilities.	100% utilization of allocated budget on the implementation of sports and recreational facilities.				
	Manage the development of community facilities such as community halls.	Certificates for Completion.	Community Halls projects have been implemented according to projects plans.	100% completion of all (5) prioritized community halls prioritized and have committed funding.	100%	All prioritized community halls with committed funding have been completed. Target achieved.
	Facilitating housing delivery in line with the Breaking New Ground policy.	100% reduction of housing backlog.	There was comprehensive housing Sector Plan in this financial year.	Reviewed Housing Sector Plan presented to Council.	100%	The reviewed Hlabisa Housing Sector Plan unpacking on the Housing Backlog was presented to Council on the 14th of December 2010 at Umfolozi Protea Hotel. Target achieved.

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6.1.5 Infrastructure Planning & Development Directorate

KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT						
Strategic Objective	Activity	Unit of Measure-	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To facilitate the delivery of basic services in an effective and efficient manner (cont'd)	Hosting of the housing forum meetings and Project Specific Meetings.	Minutes of the forum.	The Housing Forum Meetings have been sitting as per schedule.	Four Housing Forum Meetings held	100%	Housing Forum Meetings sat on the following Dates: 05 February 2010, 25 August 2010, 01 October 2010, 04 February 2011 and the last one was held on 07 April 2011. Target achieved.
	Balancing the scope of work done and expenditure per project Entering into Service Level Agreements with service providers stipulating milestones on each project.	Expenditure according to initial plan. Number of SLAs signed.	There has been no signing of SLAs with Service Providers in this financial year stating milestones on each project to be met as per scope of work.	Number of SLAs signed	100%	The Service Level Agreement was signed by Hlabisa Municipality, Department of Economic Development and Tourism as well as Urban Econ for the development of the Tourism Strategy simply stating milestones to be met as per the scope of work. Target achieved.
	Ensure the monthly sitting of the PMU.	12 Monthly meetings Attendance Registers and Agendas.		12 PMU Meetings attended	5%	The PMU sat once in the 2010/2011 financial year as it sat on November 2010. This is due to the fact that it was difficult to come up with a clear schedule for the sitting as it was difficult for Councillors to attend meetings scheduled by this structure. Target not achieved.



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6.1.5 Infrastructure Planning & Development Directorate

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create climate conducive for sustainable economic growth and job creation	Operationalise LED Forum and sub-forum.	Minutes and attendance registers of 4 LED Forum Meetings held.	The first LED Forum in the financial year 2009/2010 sat on the 2nd of June 2010. The second LED Forum sat on the 15th of September 2010.	4 LED Forum Meetings.	50%	The LED Forum Meeting sat on the 07TH OF April 2010 and 28th of October 2010. The Target was not met due to the fact that it became difficult to make arrangements for the sitting of this structure in 2011 as the Municipality was approaching election period. Target Not Achieved.
	Implement the Small scale's projects.	Number of Small Scales projects implemented in each ward.	Small Scales projects have been benefiting from Poverty Alleviation Programme. As the community used to submit project request.	2 Projects implemented in each ward.	100%	It is then important to mention that in this financial year all 19 wards benefited from poverty alleviation projects as there is no ward with less than two projects funded by the Municipality. Target Achieved.
	commercialization of livestock farming in Hlabisa Municipality.	4 Commercial Farmers assisted and linked with the market.	In this financial year there were no drastic interventions from the Municipality for the assistance of farmers. However there were series of meetings that were convened to simply look challenges facing commercial farmers.	4 Commercial Farmers assisted and linked with the market.	75%	It then became difficult to get a direct market for commercial farmers of Hlabisa, however they were part of the incubation programme for Hlabisa Business Support Centre. That trained them on business Management as well as costing and pricing. Target not achieved.

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6.1.5 Infrastructure Planning & Development Directorate

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create climate conducive for sustainable economic growth and job creation (cont'd)	Assisting local farmers for the growing of essential oils.	Procuring seedlings for Rose geranium.	The Municipality has been able to co-ordinate trainings for farmers and also procure seedlings.	Procuring seedlings for Rose geranium.	100%	The Department has succeeded in procuring seedlings for Rose Geranium Farmers. Through the assistance of Winrock International. Target achieved.
	Support Crop production initiative.	Number of production units developed in the whole municipal area.	More focused has been paid to agricultural projects as farmers were assisted with seeds and fencing material during this financial year with an intension of ensuring that their community gardens are developed and sustained.	8 crop production units developed in the whole municipal area.	100%	Ten Community Gardens with potential for sustainable agricultural practises have benefited from crop production programme as the Municipality managed to buy them seeds, water pumps and some were also provided with the fencing material. Target achieved.
	Undertaking local tourism planning.	Tourism sector plan presented to Council for adoption.	In this financial year the Municipality has been struggling to develop a Tourism Sector due to financial constraints.	To have Tourism sector plan by the end of November.	75%	The Municipality got a Co-funding of R146 000.00 from DEDT for the Development of the Tourism Master Plan. Consequently Urban Econ was appointed as a Service Provider for the Development of the strategy, the draft document has been completed. Therefore the only thing that is left is the workshop of the Council where the document will be presented and adopted. Target not achieved.



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6.1.5 Infrastructure Planning & Development Directorate

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create climate conducive for sustainable economic growth and job creation (cont'd)	Programme for tourism awareness at a high school level.	Number of schools that attend environmental camps at Umfolozi Game Park.	Only one school managed to attend Environmental Awareness Campaigns in the Game Park.	14 Schools to attend Environmental camps.	75%	The following schools were part of Tourism and Environmental Awareness Campaigns at Imfolozi Game Reserve on the following dates: 11–12 & March 2010; Bonga High, and Ngebeza High attended environmental camps. On the 12–13 March 2011 Siyelulama and Mkhalihi high School attended environmental camps. On the 25–26th of March 2011 Kufezekile and Mawombe High attended environmental camps. On the 26–27 of March 2011 Sibongakonke and Siyaqala High School attended environmental camps. Therefore we were unable to complete the programme as staged municipal events were stopped by the Senior Management of the Municipality.
	Tourism promotion, Engage Potential investors to partner with communities in tourism development.	Number of potential investors engaged.	No investor has been engaged for this financial.	2 investors must have been engaged for investment in developing Tourism Product.	25%	Target not achieved. There have been attempts for the engagement of investors for the establishment of Mpembeni Game Lodge. Secondly there was engagement of potential investors for the establishment of Hlabisa Inn but nothing concrete that has been done on the ground. Target Not Achieved.



6.1.5 Infrastructure Planning & Development Directorate

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create climate conducive for sustainable economic growth and job creation (cont'd)	Creating enterprise development programme.	20 Crafters developed and capacitated.	In the financial year for 2009/2010 some crafters have been part of Municipal trainings and some have also attended National and International Craft Exhibitions.	20 Crafters developed and capacitated.	100%	On the 3rd of June 2010 there was a Crafters training which focused on pricing and product development. On the 31 July 2010 there was Hand Craft Exhibition whereby all crafters were given an opportunity to showcase their products. On the 05th of August 2010 Miss Angeline Masuku attended Craft Exhibition in Midrand at Gallagher Estate. Target Achieved.
	Business Development Programme.	100 SMMEs in the incubation programme.	20 SMMEs were selected to be part of MTN SA Foundation Programme that was facilitated by Phumelela Projects. Some have been selected to be part of Umthashana FET Training Programme.	100 SMMEs Developed and Capacitated.	100%	The Incubation Training programmes sat on the following dates: 26 April 2010 Old Mutual Training, 03 June 2010 Crafters Meeting, 13 July 2010 Construction Workshop, On the 06th of October 2010 there was a Business Seminar where all businesses were given an opportunity to share with the Business Support Centre their challenges that they encounter on their daily operation. On the 19th of October there was SMMEs training that was facilitated by Ithala Development Bank. On the 26 of October 2010 there was also SMMEs workshop that was facilitated by the South African Revenue Services. Target achieved.



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6.1.5 Infrastructure Planning & Development Directorate

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create climate conducive for sustainable economic growth and job creation (cont'd)	Development of local Tourism Products.	One viable initiative.	No viable Tourism Product has been developed for the reporting financial year.	One viable products.	0%	No viable Tourism Product has been developed for the reporting financial year due to the lack of investment from potential investors; however one hopes that the Tourism strategy that has been recently developed will help much in unlocking the potential that Hlabisa has. Target Not Achieved.
	Promoting Community based tourism.	Effective operation of Zmampilo Information Office.	In the financial year for 2009/2010 the office had no school programme educating local schools on what the office does. Therefore it was also Challenging for the office to cascade the information to the community as there was no programme for that.	Fully operational of Zamampilo Tourism Information Centre.	100%	Zamampilo office has been operating well as has been educating local schools offering Tourism on what the Tourism Information Centre. The office has even developed a programme for school visits. Target achieved.
	Sitting of the Business Forum.	Minutes and Attendance registers for meetings held.	In this financial the Business Forum was not part of the Departmental Implementation for the financial year 2010/2011.	4 Business Forum held.	0%	The Department struggled to ensure the sitting of the Business Forum as most of the issues were covered in SMMEs Seminars as well as in the LED Forum Meetings. Target not achieved.
	Showcase and promote economic development opportunities of the area.	Reviewed Package of investment opportunities(e.g . Brochure, CDs).		To have investment Portfolio by the end of the financial year.	100%	The investment Portfolio was reviewed in the month of March 2011, consequently a reviewed document was displayed in Tourism Indaba during the month of 07-11 May 2011. Target achieved.



6.1.5 Infrastructure Planning & Development Directorate

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create climate conducive for sustainable economic growth and job creation (cont'd)	Participate in regional and national economic development foras.	Attendance of 2 economic development foras (Tourism Indaba, Global Business Summit).	The Tourism Indaba was also attended in the 2009/2010 financial year on May 2010.	2 Tourism Foras attended	100%	The Tourism Indaba Exhibition was attended on the 076th to the 11th of July 2011. On the 05th of August 2010 the Tourism Unit attended Craft Exhibition in Midrand that was organised by DEDT.
	Developing strategic alliance with a range of economic development structures.	Minutes and Attendance registers of strategic meetings held.	Ten strategic Meetings have been held for the reporting financial year.	10 Strategic Meetings held	100%	Target achieved. Ten strategic Meetings have been held for the reporting financial year. Cross Boarder Strategic meeting sat on the 21st of January 2011, The meeting with Department of Energy was held on the 25th of February 2011. On the 28th of July 2010 there was a meeting with the Department of Human Settlement.
	Promoting Public Private Partnerships. Structuring of Municipal relationship with the Private Sector.	Project Based MOUs or MOAs.	The MOU based project was signed between MTN SA Foundation, UMDA and Hlabisa Municipality for the Business Support Centre.	To have one Project based on MOU	0%	No MOU based project that has been signed for this financial year. Target not achieved.



6.1.5 Infrastructure Planning & Development Directorate

KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT						
Strategic Objective	Activity	Unit of Measure-	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create climate conducive for sustainable economic growth and job creation (cont'd)	Stakeholder identification and Mobilization.	Attendance registers for meetings with economic development stakeholders being mobilized.	The Department has been able to engage stakeholders as per the implementation plan.	7 Stakeholders identified and mobilized.	100%	Target achieved.



6.1.5 Infrastructure Planning & Development Directorate						
KPA: FINANCIAL MANAGEMENT & VIABILITY						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
Develop and implement an efficient and effective asset management system	Implement and review of land disposal policy.	Number of Commercial Sites sold or leased (signed sale agreements).	About 5 sites that were sold for this financial year.	Number of signed commercial sites sold or leased (signed sale agreement).	50%	Site were sold to Mr. F. Cele, and Miss. C. Cele for this financial year.
	Land Purchasing.	Sales Agreement for privately owned sites in town to be utilised for commercial purposes.	No privately owned sites that have been purchased for the reporting financial year.	Purchased privately owned sites in town.	0%	Target not achieved. No privately owned sites that have been purchased for the reporting financial year. Target not achieved.
To ensure participation in the budget process	Budgeting.	Draft Departmental Budget with inputs.	Draft Budget with inputs submitted to the Finance department.	Draft Budget with inputs submitted to the Finance department.	100%	The draft budget for the Department was submitted on time to finance department. Target achieved.
a200To ensure that the allocated budget is utilized efficiently and economically	Monitoring of expenditure.	reports of over-expenditure.	No report of over-expenditure.	No report of over-expenditure.	100%	No report of over-Expenditure has been received from finance Department for financial year 2010/2011. Target achieved.



Functional Area Service Delivery Report

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6.1.5 Infrastructure Planning & Development Directorate

KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To promote integrated, coordinated and sustainable development	Preparation of the Council Five year Plan(IDP).	Council Resolution for the adoption of the IDP.	The 2009/2011 IDP was also adopted by the Council.	To have IDP adopted by Council.	100%	The Municipal IDP for 2010/2011 was adopted by Hlabisa Council. Target achieved.
	Co-ordinate the sitting of IDP Steering Committee Meetings.	Minutes and Attendance registers of 4 IDP Steering Committee Meetings.	The IDP Steering Committee sat on the 17 August 2009, 19th of October 2009.	4 IDP Steering Committee Meetings held.	50%	Only 2 IDP Steering Committee sat for the reporting financial year as the last one sat on the 07th of February 2011. Target not achieved.
To promote public participation in Municipal Affairs	Co-ordinate the sitting of the IDP RF Meetings.	4 Minutes of IDP RF and Attendance Registers.	All IDP RF Meetings sat as per schedule in the 2009/2010 Financial year.	4 IDP Meetings held.	100%	IDP Representative Forum Meetings sat on the following dates: 08 September 2010, 10 November 2010, 16 February 2011 and 20 April 2011. Target achieved.
	Coordination of 2 Public Participation Meetings During IDP/Budget formulation.	Minutes and Attendance registers of 2 Public Participation Meetings convened.	IDP Consultative Meetings have been giving the community to comment on IDP issues of the Municipality.	2 Public Participation Meetings to be held.	100%	IDP Consultative Meetings have been giving the community to comment on IDP issues of the Municipality. Target achieved.
	Coordinating the hosting of the IDP Road show.	Attendance Register and Comments from the community for the IDP Road Show hosted.	The IDP Road show that sat on 2009/2010 was co-ordinated by DC 27.	1 IDP Road show to be held.	100%	The IDP Road Show was held on the 27th of November 2010. Target achieved.



6.1.5 Infrastructure Planning & Development Directorate

KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To promote public participation in Municipal Affairs (cont'd)	Conduct 19 ward Based consultative meetings.	Attendance register and reports of ward based consultative meetings.	In the financial year for 2009/2010 the IDP Consultative Meetings Focused on all 19 Wards. All wards were covered for IDP Consul.	19 ward based consultative meetings.	100%	In the 2010/2011 Financial year all ward Based Consultative Meetings that were held focused on the 8 remaining wards as per the demarcation factor. Target achieved.
	Inputs in the development of performance indicators.	Attendance register of strategic planning meetings.		1 Strategic Meeting Attended.	100%	The Strategic Meeting for the Municipality for the financial year 2010/2011 was attended by the Infrastructure Directorate. Target achieved.
To create sufficient and appropriate capacity building for effective governance and service delivery	Attendance of 4 schedule council meeting per annum.	Attendance of 4 schedule Council meeting.	The target on this KPI was achieved since the council meeting sat on the 30th of September 2009, 02nd of October 2009, on the 18th of December 2009, and in May 2010.	4 Council Meetings Attended.	100%	The target on this KPI was achieved since the council meeting sat on the 30th of September 2010, 21st of December 2010, on the 31st of March 2011, and on the 24th of June 2011. Target achieved.
	Attendance of at least 15 meetings of different Portfolio Committee of Council.	Attended 15 schedule Meetings of different Portfolio committees.	The Directorate attended Portfolio Committee as per the schedule.	15 Portfolio Committee Meetings to be attended.	100%	The Infrastructure, Planning & Development Directorate has been attending Portfolio Committee Meetings of other Departments. Target achieved.
	Attendance of at least 12 meetings of different portfolio committees of council.	Attendance of 12 scheduled Executive & Finance Committee meetings.	The target on this KPI was met since the Executive and Finance meetings sat on the scheduled dates.	12 Executive & Finance Committee meetings attended.	100%	The target on this KPI was met since the Executive and Finance meetings sat on the scheduled dates. Target achieved.



Functional Area Service Delivery Report

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6.1.5 Infrastructure Planning & Development Directorate

KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION						
Strategic Objective	Activity	Unit of Measurement	2009/2010	2010/2011 Target	2010/2011 Actual Performance	Comments
To create sufficient and appropriate capacity building for effective governance and service delivery (cont'd)	Facilitate the sitting for Planning and Economic Development Portfolio Committee.	12 Scheduled meetings for Planning and Economic Development Portfolio Committee.	Planning Economic Development Portfolio and Infrastructure Portfolio Committee sat as per schedule from July to December 2010. Therefore as from January 2011 – to June on Portfolio Committee sat as from 31 January 2011 – to 30 June 2011.	12 Scheduled meetings for Planning and Economic Development Portfolio Committee Meetings to be held.	50%	Planning Economic Development Portfolio and Infrastructure Portfolio Committee sat as per schedule from July to December 2010. Target not achieved.